FEB 16 2001 (18)

Supreme Court, U.S.
FILED
FEB 16 2001
CLERK

No. 00-201

In The

Supreme Court of the United States

THE NEW YORK TIMES COMPANY, INC., NEWSDAY, INC., THE TIME INCORPORATED MAGAZINE COMPANY, LEXIS/NEXIS, and UNIVERSITY MICROFILMS INTERNATIONAL,

Petitioners,

v.

JONATHAN TASINI, MARY KAY BLAKELY, BARBARA GARSON, MARGOT MIFFIN, SONIA JAFFE ROBBINS, and DAVIS S. WHITFORD,

Respondents.

On Writ Of Certiorari To The United States Court Of Appeals For The Second Circuit

BRIEF OF AMICUS CURIAE INTERNATIONAL FEDERATION OF JOURNALISTS IN SUPPORT OF RESPONDENTS

PIERRE ANDRÉ DUBOIS
LYN BARKOW
BROBECK HALE and DORR
Alder Castle
10 Noble Street
London, UK EC 2V 7QJ
Telephone:
011-44-207-645-2400
Facsimile:
011-44-207-645-2424

THOMAS M. PETERSON
(Counsel of Record)
BRETT M. SCHUMAN
BROBECK, PHLEGER & HARRISON LLP
One Market, Spear Tower
San Francisco, CA 94105
Telephone: 415-442-0900
Facsimile: 415-442-1010

Attorneys for Amicus Curiae International Federation of Journalists

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

BEST AVAILABLE COPY

TABLE OF CONTENTS

Page

I. INTEREST OF AMICUS CURIAE..... 1

II. SUMMARY OF ARGUMENT..... 2

III. ARGUMENT..... 3

A. Foreign Court Decisions Have Consistently Recognized That An Author Enjoys A Continuing Copyright In The Electronic Publication Of Her Works Even Though She Has Agreed To Include Her Work In A Printed Collective Work 3

B. United States Copyright Law Should Be Construed In Harmony With The Similarly Minded Laws Of Other Nations Unless Congress Has Clearly Dictated Differently..... 13

C. The European Experience Teaches That Court Rulings In Favor Of Authors' "Electronic Rights" Do Not Result In The Withdrawal Of Literary Works From The Electronic World..... 17

IV. CONCLUSION..... 20

TABLE OF AUTHORITIES

Page

CASES

Association Generale des Journalistes Professionnels de Belgique v. SCRL Central Station, et al., 1998 E.C.C. 40 (available on Westlaw, at 1996 WL 1093217) 7

Broadcast Music, Inc. v. Columbia Broadcasting System, Inc., 441 U.S. 1, 99 S.Ct 1551, 60 L.Ed.2d 1 (1979) 19

Darr v. Burford, 339 U.S. 200 (1950) 17

Feist Publications, Inc. v. Rural Telephone Service, Co., Inc., 499 U.S. 340, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991) 15

Warren Publishing, Inc. v. Microdos Data Corp., 115 F.3d 1509 (11th Cir. 1997) 15

STATUTES & RULES

27 U.S.C. § 201(c) 15, 16

OTHER AUTHORITIES

Austin, Graeme W., *Domestic and Foreign Rights: Choice of Law In Transnational Copyright Infringement Litigation*, 23 Colum.-VLA J.L. & Arts 1 (1999) 14

Ayers, Irene Segal, *Comment: International Copyright Law And The Electronic Media Rights of Authors and Publishers*, 22 Hastings Comm. & Ent. L.J. 29 (1999) 14

Dietz, Dr. Adolf, *Germany, in* 2 Paul Edward Geller & Melville B. Nimmer, *International Copyright Law* (2000) 15

TABLE OF AUTHORITIES – Continued

Page

Geller, Paul Edward, *From Patchwork To Network: Strategies For International Intellectual Property In Flux*, 31 Vand. J. Transnat'l L. 553 (1998).....5, 14

Geller, Paul Edward, *International Copyright: An Introduction, in* 1 Paul Edward Geller & Melville B. Nimmer, *International Copyright Law* (2000) ...5, 14

Ginsburg, Jane C., *Electronic Rights in Belgium and France*, 22 Colum.-VLA J.L. & Arts (1998)..... 9

Hoff, Matthew, *Tasini v. New York Times: What the Second Circuit Didn't Say*, 10 Alb. L.J. Sci. & Tech. 125 (1990) 12, 13

Hugenholtz, P. Bernt, *Electronic Rights and Wrongs In Germany and the Netherlands*, 22 Colum.-VLA J.L. & Arts (1998) 10, 11, 16

Jehoram, Herman Cohen, *Netherlands, in* 2 Paul Edward Geller & Melville B. Nimmer, *International Copyright Law* (2000)..... 15

S. Rep. No. 100-352 (regarding P.L. 100-568, Berne Convention Implementation Act of 1988), 100th Cong., 2nd Sess. 2 (1988)..... 14

BRIEF OF AMICUS CURIAE INTERNATIONAL FEDERATION OF JOURNALISTS IN SUPPORT OF RESPONDENTS

I. INTEREST OF AMICUS CURIAE[1]

The International Federation of Journalists ("IFJ") is an international confederation of journalists' associations and trade unions. It was first formed in 1926 and today it is the largest journalists' group in the world, counting more than 450,000 journalists in over 100 countries among its membership.

The IFJ is based in Brussels, Belgium. Its overarching goal is the improvement of the social and professional conditions of journalists, including the protection of its members' intellectual property rights. It speaks for journalists within the United Nations system and elsewhere in the international political and legal arenas, and works closely with international bodies, such as the World Intellectual Property Organization ("WIPO"), the European Union, UNESCO, and others, towards the achievement of its goals.

---

[1] The International Federation of Journalists has obtained the written consent of all parties, through their respective counsel, for the filing of this brief. Those letters are on file with the Clerk's Office. No counsel for a party authored this brief in whole or in part, and no person or entity other than amicus curiae, or their counsel, made a monetary contribution towards the preparation or submission of this brief.

II. SUMMARY OF ARGUMENT

Courts, journalists, and publishers in many nations have been dealing with the issues presented in this case. This brief draws attention to pertinent foreign court decisions and considers some of the implications that arise from the fact that the issues here do not rest in an insulated cocoon of U.S. copyright law.[2]

A. European courts have consistently ruled that, under their respective laws, an author's rights in original work take precedence over the much more limited copyright enjoyed by a publisher who is allowed by the author to include that original copyrighted work in a printed collective work, such as a newspaper or journal. Publication of work in electronic media (like CD-ROM or computer database) is quite distinct from publication in more traditional print media. Accordingly, European courts have ruled that an author's consent to initial publication of an individual work in the frame of a collective production does not allow the publisher the right or privilege to include the author's work in CD-ROMs or on-line computer databases. Where blanket consent has been granted, it does not include electronic exploitation.

---

[2] English-language translations of the foreign decisions discussed in this brief, other than those decisions that are available in on-line databases, are included in an Appendix to this brief. Citation to the Appendix is in the form "App. at ___." Certifications for these translations, and copies of the untranslated decisions themselves, have been lodged with the Clerk's Office. *See* "Lodging of Materials Referenced In Brief of *Amicus Curiae* International Federation of Journalists In Support of Respondents," lodged concurrently with the filing of this brief.

Thus, European courts recognize that the author retains the right to exploit this new opportunity for publication, at least until the author has specifically contracted that right away. *See, post,* section III.A.

B. Transnational uniformity in copyright law is a desirable objective in our technologically interconnected world. Uniformity should be achieved unless U.S. law or national interests dictate otherwise. European and U.S. copyright laws share common principles that counsel in favor of the parallel interpretation of those laws. *See, post,* section III.B.

C. In nations that recognize an author's continuing copyrights in electronic publications, and thus the author's right to compensation for the electronic publication of her works, licensing methods have been devised, thereby assuring public access to copyrighted works appearing in electronic media. *See, post,* Section III.C.

III. ARGUMENT

A. Foreign Court Decisions Have Consistently Recognized That An Author Enjoys A Continuing Copyright In The Electronic Publication Of Her Works Even Though She Has Agreed To Include Her Work In A Printed Collective Work

Berlin to Buffalo and Paris to Peoria, the basic transaction is similar. An author enjoys a copyright in her original work. She allows her article to be published in a printed compilation, say, a newspaper. She is paid by the newspaper's publisher for the privilege of using the article to enhance the financial success of the newspaper and,

thus, enrich the publisher. The author's contract with the publisher does not address other uses of the article, beyond its publication in the newspaper.

Technology has brought electronic media, and with it fresh opportunities to publish and exploit copyrighted works. Publishers have sold copyrighted materials for electronic publication, by way of such media as CD-ROM, NEXIS, and the like. Authors have sued, contending that they never bargained away electronic publication rights when they agreed to allow their original works to be included in printed collective works, like the newspapers or journals where their articles first appeared. The publishers generally have defended these suits on the ground that exploitation in these electronic media is the exploitation of the publishers' pre-existing, printed collective work.

Courts in France, Belgium, Germany, and the Netherlands have rendered decisions addressing this kind of circumstance. Those decisions consistently favor the authors.[3] They recognize that electronic publication is different from all prior forms of publication and distribution.

---

[3] Two cases are pending in Canadian courts. These have not yet been decided on the merits. *See Robertson v. Thomson Corp.*, Case No. 96-CU-110595CP (Ontario Court Of Justice, General Division) (preliminary order, including a summary of the case, is available on Westlaw at 1999 CarswellOnt 301); *Association Des Journalistes Independants Du Quebec v. Cedrom-SNI*, Case No. C.S. Que. Montreal 500-06-000082-996 (Superior Court of Quebec) (preliminary ruling available on Westlaw (in French) at 1999 CarswellQue 3276).

These European decisions should inform the interpretation of U.S. copyright law: electronic publication in an on-line computer database or on CD-ROM is not a "revision" of the initial print publication of a particular collective work; it is something fundamentally different; the right to publish electronically works of original authorship remains with the author, unless the author expressly contracts it away; a publisher's right to exploit a printed collective work does not include electronic-media exploitation which has the effect of usurping the author's copyright in her original work. As leading commentators have explained, there is a trend towards synchronization in international copyright law:

> "National laws have . . . developed in response to the same media challenges worldwide and within overlapping legal cultures. Internationally, they have benefited from the 'more or less gentle and gradual pressure towards harmonization' which the Berne Convention has exercised." *See* Paul Edward Geller, *International Copyright: An Introduction*, at INT-11-12, *in* 1 Paul Edward Geller & Melville B. Nimmer, *International Copyright Law* (hereafter "Geller & Nimmer") (2000).[4]

* * *

---

[4] *See also* Paul Edward Geller, *From Patchwork To Network: Strategies For International Intellectual Property In Flux*, 31 Vand. J. Transnat'l L. 553 (1998) (hereafter *"From Patchwork to Network"*) (arguing that intellectual property law should be harmonized from country to country, to the greatest extent possible, to keep pace with the globally networked marketplace).

France. Le Figaro v. National Journalist Labor Union (App. at 1-8). Le Figaro, a major French daily newspaper, began publishing an electronic edition accessible via the Internet. The web site also included an archive that allowed users to search for and obtain copies of articles published in earlier editions of the newspaper. Journalists (and their union) brought suit, claiming Le Figaro's electronic service violated the authors' copyrights in their works. Le Figaro contended that its newspaper was a collective work, for which it owned the copyright, and it therefore was entitled to publish an electronic edition. The lower court enjoined Le Figaro from electronically accessing the plaintiffs' articles (without their permission), and awarded damages.

The Court of Appeals of Paris affirmed. The court's decision was based in part on its view that electronic publication "cannot be compared to an extension of the print distribution. . . . " (App. at 6). The court also rejected Le Figaro's position on the ground that "what is published in this manner is not the entire newspaper but contributions, i.e. works of journalists, with the exclusion of pictures and certain graphics." (App. at 6-7). The court concluded that the journalists' grant of reproduction rights to Le Figaro ended after first publication, and Le Figaro was required to obtain further consent from the authors for electronic publication.

French Journalist Labor Union CFDT, et al. v. SDV Plurimedia (App. at 9-24). In this case, journalists brought suit against Plurimedia, a company that operated an Internet web site publishing articles licensed from a French newspaper, Dernieres Nouvelles d'Alsace ("DNA"), and works from a French television station

("FR 3"). The opinion reflects that Plurimedia essentially was the technical service provider for the electronic publication of DNA's newspaper. DNA and FR 3 selected the material that was to be published on the web site. (App. at 13).

The journalists contended that DNA's license to Plurimedia for electronic publication of their works amounted to copyright infringement. Plurimedia contended that it properly licensed the works from DNA and FR 3, holders of the copyrights to their respective collective works. The departmental (lower) court of Strasbourg ruled that the journalists' copyrights had been infringed because DNA and FR 3 had not obtained the authors' electronic rights in the first place. The court enjoined Plurimedia from further electronic publication (without the journalists' consent), and awarded damages. Again, the theory of the French court was that electronic publication was different from print publication. (App. at 18).[5]

Belgium. *Association Generale des Journalistes Professionnels de Belgique v. SCRL Central Station, et al.*, 1998 E.C.C. 40 (available on Westlaw, at 1996 WL 1093217). As succinctly described in the court's opinion, the defendant SCRL Central Station ("Central Station") operated a service much like LEXIS/NEXIS:

---

[5] Plurimedia appealed. The opinion of the Court of Appeals of Colmar reflects that the journalists and the newspaper, DNA, entered into an agreement regarding the electronic publication of the journalists' works during the pendency of the appeal. (App. at 29-32). *See, post,* Section III.C.

> "Every evening, when the various editions of the newspapers [of the principal Belgian publishers] are ready and are being sent for printing, they are transmitted at the same time to the Central Station server. A large database of press articles is then formed. By means of its different products, Central Station offers the selective electronic distribution of that information. . . . The public can use the Central Station server via the Internet." 1998 E.C.C. at 42.

The union for journalists whose articles were sent to Central Station sued, claiming the electronic publication of their works at Central Station was copyright infringement. Central Station contended that electronic publication was no different than traditional print distribution, for which the journalists had licensed their works. *Ibid.*

The Belgian court enjoined Central Station from electronic publication without the authors' express consent, and awarded a liquidated sum as damages for any future violation of its judgment. *Id.* at 46. The court reasoned, much like the French courts, that electronic publication is different than prior forms of distribution:

> "The members of the public who use the Internet are not the same as those who read daily newspapers, being far more international and more numerous. The Central Station system enables articles to be selected by subject, but with all opinions represented, whereas a printed newspaper covers numerous subjects, but is characterized by a certain political and social shade of opinion. Central Station is not designed as a tool which is intended to replace

newspapers, but as a selective distribution service. . . . Therefore the printed press is not the same as the Central Station network." *Id.* at 45.[6]

Germany. *Freelens Verein der Fotojournalistinnen v. Spiegel Verlag Rudolf Augstein* (App. at 45-75). Plaintiff, a society of freelance photojournalists, sued a magazine publisher over the latter's sale of a CD-ROM containing all issues of its magazine for a given year. The CD-ROMs contained complete issues of the magazine, including photographs, and excluding only advertisements. Thus, the electronic product at issue in *Freelens* appears similar to the NY Times OnDisc CD-ROM product at issue in *Tasini*. The freelance photojournalists claimed that the CD-ROMs infringed their copyrights in the photographs they submitted to the magazine.

Reversing a lower court's decision,[7] the appellate court concluded that "the overwhelming legal consensus [is] that the CD-ROM is a new, independent type of use in comparison with the magazine, the annual volume and even microfiche. . . . " (App. at 61). The court's analysis

---

[6] The Brussels Court of Appeals affirmed. That decision is discussed in Jane C. Ginsburg, *Electronic Rights in Belgium and France*, 22 Colum.-VLA J.L. & Arts, 161-163 (1998), and an abridged version of the opinion is included in the appendix to the law review volume containing Professor Ginburg's article. *See* 22 Colum.-VLA J.L. & Arts, 177, 195-197. The Court of Appeals also ruled that "the electronic distribution that the appellant proposes is a distinct and parallel one, and brings a new and added value. . . . " *Id.* at 197.

[7] The lower court accepted the publisher's argument that the CD-ROM compilation was merely a substitution for the microfiche anthologies previously put out by the magazine, to which the photojournalists did not protest.

focused particularly on two unique features of electronic media:

> "The search option in particular opens up new sales markets and thus increases the sales chances. . . . In addition, the economic interests of the author/photographer are especially endangered in the case of transmission of his photographs on CD-ROM, because once an image has been digitized, it can be processed without any loss of quality, even worldwide over data networks. Parallel use on multiple computers is even possible in server operation, unlike the annual volume of a magazine or microfiche." (App. at 63).

The German court rejected the publisher's argument that requiring it to locate and obtain electronic rights from innumerable photojournalists was unduly burdensome. (App. at 70-71). The court noted that "to prevent countless additional agreements, a solution to the problem must be achieved with the help of the performing rights companies." (App. at 70). The court remanded the case to the lower court for a determination of damages.

Netherlands. *Heg, et al. v. De Volkskrant.*[8] Three freelance authors, and the Netherlands Association of Journalists, sued the large Dutch newspaper De Volkskrant, contending that electronic publication of their works on the De Volkskrant Internet web site, and in a quarterly

---

[8] This decision is summarized in P. Bernt Hugenholtz, *Electronic Rights and Wrongs In Germany and The Netherlands*, 22 Colum.-VLA J.L. & Arts 151, 155-159 (1998). An abridged version of the decision is included in the appendix to the law review volume containing Professor Hugenholtz's article. *See* 22 Colum.-VLA J.L. & Arts 177, 181-189.

CD-ROM compilation of the newspaper, violated their copyrights. As in *Tasini*, there were no written license agreements, and the plaintiffs contended that implicit licenses were granted only for first-run traditional print rights. *See* Hugenholtz, *supra*, 22 Colum.-VLA J.L. & Arts at 155. De Volkskrant argued that the electronic publication and electronic archiving of plaintiffs' works were no different than the microfilm volumes previously published by the newspaper, to which the plaintiffs had not objected. *Ibid.*

The Amsterdam District Court ruled in favor of the authors. The court viewed the CD-ROM as a new compilation of separate articles "by which circumstance the cohesion which makes these articles a newspaper in the paper edition is lacking in the CD-ROM." *Id.* at 186. The court also ruled that the De Volkskrant Internet web site differed substantially from the newspaper's print version, both in content and in its global reach. *Ibid.* The court concluded that the CD-ROM and Internet versions of De Volkskrant were not simply extensions or substitutes of existing archival or documentary media, but rather amounted to "independent form[s] of reproduction and publication." *Ibid.*[9]

* * *

[9] Professor Hugenholtz notes at the conclusion of his article that De Volkskrant filed an appeal in this case. *Id.* at 158. Neither amicus curiae nor their counsel have been able to locate any further court decision.

These decisions are based on the judicial recognition that electronic publication is different than all prior forms of distribution of original works of authorship.[10] This distinction applies equally well in the U.S. and it should guide the Court's construction of provisions of the Copyright Act:

> "The reason that newspapers and magazines have traditionally settled only for the right to be first to publish an author's article is because the value of publishing the article lies almost entirely in being the first publisher to put it into print . . . . "
>
> "The principle has been turned on its head as newspapers and magazines now publish electronically to a potential worldwide audience and the stories they publish have more lasting value in online databases. Individual articles, though they previously had a lasting value in libraries, are now far more accessible through online databases and even represent a profit center . . . . " Matthew Hoff, *Tasini v. New York Times: What The Second Circuit Didn't Say*, 10 Alb. L.J. Sci. & Tech. 125, 161 (1999).

There is another feature of the European decisions that also should be considered. European courts have

---

[10] Notably, the European concept of authors' "moral rights" does not determine the outcome in these cases. Some European jurisdictions afford copyright holders both a "moral right," which may be defined roughly as paternity of a work and a right to object to its derogatory treatment, and an "economic right," which more closely parallels the bundle of exploitation rights afforded under U.S. copyright law. In the European cases we have described in this brief, the courts have reasoned that electronic publication violates the authors' economic rights.

relied on the way in which the electronic media are used when considering the question whether they: (a) are akin to the traditional print publications, including microfilm and microfiche, that the authors agreed to license; or (b) are something significantly different, for which the publishers must be required to remit a portion of their electronic publication license fees to the authors. Like Central Station in Belgium, LEXIS/NEXIS and the CD-ROM products at issue in the *Tasini* litigation are "not designed as a tool which is intended to replace newspapers, but as a selective distribution service. . . . " LEXIS and the CD-ROMs are used for research purposes, by searching for journalists' articles by subject matter or other criterion.[11] The products do not substitute for the hard-copy newspaper delivered to the doorstep each morning. Indeed, these products have substantial economic value *precisely because* they are not merely "revisions" of traditional printed newspapers. Similarly, they represent an economically valuable improvement over microfilm and prior generations of research tools.

B. United States Copyright Law Should Be Construed In Harmony With The Similarly Minded Laws Of Other Nations Unless Congress Has Clearly Dictated Differently

In an electronic world, where technology defies traditional borders, it is important that transnational intellectual property laws maintain a cohesion and uniformity to

---

[11] *See, e.g.*, Brief of Amicus Curiae of Ken Burns, et al. In Support Of Petitioners.

the maximum extent consistent with vital national interests. *Cf.* Geller, *supra, International Copyright: An Introduction,* at INT-11-12 *in* 1 Geller & Nimmer.

A "primary objective" of the Berne Convention, to which the United States has subscribed, is "to protect, in as effective and uniform a manner as possible, the rights of authors in their literary and artistic works."[12] Irene Segal Ayers, *Comment: International Copyright Law And The Electronic Media Rights of Authors and Publishers,* 22 Hastings Comm. & Ent. L.J. 29, 58 (1999). "The aim of most international initiatives in the field of copyright law is to achieve a mosaic or 'seamless web' of territorially-bound, national systems of copyright protection." Graeme W. Austin, *Domestic Laws and Foreign Rights: Choice of Law In Transnational Copyright Infringement Litigation,* 23 Colum.-VLA J.L. & Arts 1, 23 (1999); *cf.* Geller, *supra, From Patchwork To Network,* 31 Vand. J. Transnat'l L. at 569 ("[I]n the field of intellectual property generally, international treaties, such as the Berne and Paris Conventions, have proved effective in forestalling many, though far from all, of the conflicts to which patchwork law is susceptible.").

European and U.S. copyright laws are similar in important respects. Both recognize a hierarchy between

---

[12] The Berne Convention for the Protection of Literary and Artistic Works is "the highest internationally recognized standard for the protection of works of authorship of all kinds." It "has been the major multilateral agreement governing international copyright relations" for more than 100 years. *See* S. Rep. No. 100-352 (regarding P.L. 100-568, Berne Convention Implementation Act of 1988), 100th Cong., 2nd Sess. 2 (1988).

an author's copyright and that of the publisher of a collective work. *Compare Warren Publishing, Inc. v. Microdos Data Corp.*, 115 F.3d 1509, 1514, n. 16 (11th Cir. 1997) ("There are three types of work that are entitled to copyright protection – creative, derivative, and compiled. . . . A creative work is entitled to the most protection, followed by a derivative work, and finally by a compilation.") *and Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340, 349, 111 S.Ct. 1282, 1289, 113 L.Ed.2d 358 (1991) ("This inevitably means that the copyright in a factual compilation is thin.") *with, e.g.*, Dr. Adolf Dietz, *Germany, in* 2 Geller & Nimmer, at GER-19 (noting how the "main purpose and noblest task of [German copyright] law is to furnish protection to writers, composers, visual artists, and other human creators."). The copyright interest of the publisher of a collective work is limited to the selection and arrangement of the included works, and does not extend to the works themselves. *See Feist*, 499 U.S. at 348; Herman Cohen Jehoram, *Netherlands, in* 2 Geller & Nimmer, at NETH-17 (noting that Dutch copyright law "does not give extensive rights" to publishers of compilations because publishers' rights are "subject to the copyright in each of the separate works"); Dietz, *Germany, in* 2 Geller & Nimmer, at GER-28 (explaining how, under German copyright law, "[c]ompilations are protected by copyright if, by virtue of the selection or arrangement of their components . . . they are protected as independent works, without prejudice to the copyright in the works thus collected, if indeed any works as such are included.").

While European copyright regimes may not include statutory provisions like 27 U.S.C. § 201(c), affording a

"privilege of reproducing and distributing . . . any revision of [a] collective work . . . ," it is recognized that European publishers do have the right to publish revisions, new editions, and annual compilations of their existing collective works – in print – without the need for further consent from contributing authors. Typically this is accomplished by virtue of the "purpose of grant" doctrine, which holds that, unless otherwise specified, an author grants those rights necessitated by the purpose pursued in the grant at issue. *See, e.g.*, Hugenholtz, *supra*, *Electronic Rights and Wrongs in Germany and the Netherlands*, 22 Colum.-VLA J.L. & Arts at 153-154 (describing the purpose of grant doctrine); *FreeLens* (App. at 61) ("CD-ROM is a new, independent type of use in comparison with the magazine, the annual volume and even microfiche in the sense of [the purpose of grant doctrine]. . . . ").

Thus, working with similar principles, European courts have concluded that electronic publication of copyrighted works differs so substantially from traditional forms of publication that additional consents from authors are required. The rulings are not based on the fact that the works are being published in new media. Rather, the courts find significance in that, when published electronically, the collective works lose the form they had in print, and in that electronic publication facilitates different uses of the works than does print publication.

All this suggests that, for purposes of interpreting 27 U.S.C. § 201(c), electronic publication should be considered something more than just a "revision" of prior forms of print publication.

C. The European Experience Teaches That Court Rulings In Favor Of Authors' "Electronic Rights" Do Not Result In The Withdrawal Of Literary Works From The Electronic World

The practical issue here is whether, on the one hand, publishers may keep entirely for themselves the money they obtain by exploiting electronic publication or whether, on the other hand, the authors are entitled to share in the fruits of electronic publication because their original works of authorship are being exploited.

The publishers predict a biblical Armageddon where fear of copyright infringement liability to widely scattered authors, and the inability to construct an effective licensing system, "will require publishers and electronic database companies, nationwide, irreversibly to delete tens of thousands of freelance contributions currently stored in electronic achieves . . . [and] [i]t also will force the wholesale destruction of CD-ROMs containing periodicals. . . . " Petition For A Writ of Certiorari, at 2.

"The proof of the pudding is in the eating."[13] The approaches taken in countries that have recognized authors' rights in electronic publication media should assuage the fears that have been expressed in this case.

In France, after the *Plurimedia* decision, the journalists' union and DNA entered into a negotiated agreement regarding compensation for electronic publication rights to the journalists' works. (App. at 29-32; 39-44). The journalists are to receive ten per cent of the net profit earned

---

[13] *Darr v. Burford*, 339 U.S. 200, 232 (1950) (Frankfurter, J., dissenting).

by the publisher from the freely available electronic publication of DNA, subject to an annual minimum compensation amount, and eight per cent of the gross income earned by the publisher for paid use of its electronic publications.

The Norwegian Union of Journalists and the Norwegian Newspapers Publishers' Association reached an agreement regarding compensation for electronic publication of the authors' works even in the apparent absence of a judicial decision. *See* Agreement on Copyright Between NJ (Norwegian Union of Journalists) and NAL (Norwegian Newspapers Publishers' Association)/UA (Norwegian Weekly Magazines Employers' Association) <http://www.authorsrights.org/doc/agrnal.pdf> (as of 2/16/01). Authors receive a pre-determined compensation for some channels of electronic publication, (*e.g.*, Internet publication), and some forms are left open to future, project-specific negotiation (*e.g.*, CD-ROMs, DVDs).

There are also examples from Germany. *See, e.g.*, MTV Zeitschriften <http://www.authorsrights.org/doc/agrmtvz.pdf> (as of 2/16/01). Under this agreement, for example, certain authors whose works are exploited electronically by the publisher are entitled to share in the publisher's profits from electronic publication.

In addition, clearinghouses similar to ASCAP[14] have developed to assist in the management of electronic

---

[14] " 'ASCAP was organized as a "clearing-house" for copyright owners and users to solve these problems' associated with the licensing of music . . . its 22,000 members grant it nonexclusive rights to license nondramatic performances of

rights. The Electronic Rights Licensing Agency ("TERLA") is a non-profit Canadian-based copyright collective organization that provides "a place where publishers can clear rights and . . . a service keeping track of and monitoring usage, collecting and distributing royalties." <http://www.terla.com/policy.html> (as of 2/16/01). The Authors' Licensing and Collecting Society ("ALCS") is a non-profit London-based organization also exploring ways to manage electronic rights licensing. <http://www.alcs.co.uk/introduction.html> (as of 2/16/01). ALCS is developing ByLine, an Internet syndication service. The service "offers both print syndication and licensing for electronic use in other databases, in multimedia and multi-author projects like CD-ROMs." <http://www.alcs.co.uk/depts___ByLine.html> (as of 2/16/01).

This is by no means a comprehensive listing of all electronic rights agreements, clearinghouses, or potential solutions to the management of electronic rights. These examples from outside the United States suggest that authors and publishers are capable of reaching agreement regarding electronic publication issues and compensation. They demonstrate that creative people can come up with creative solutions to the management of electronic rights. And, significantly, electronic resources have not completely disappeared in Europe in response to court

---

their works, and ASCAP issues licenses and distributes royalties to copyright owners in accordance with a schedule reflecting the nature and amount of the use of their music and other factors." *Broadcast Music, Inc. v. Columbia Broadcasting System, Inc.*, 441 U.S. 1, 5, 99 S.Ct. 1551, 155, 60 L.Ed.2d 1 (1979).

rulings favoring the electronic rights of authors in their copyrighted works.

IV. CONCLUSION

The judgment of the Court of Appeals should be affirmed.

Respectfully submitted,

THOMAS M. PETERSON
(Counsel of Record)
BRETT M. SCHUMAN
BROBECK, PHLEGER & HARRISON LLP

PIERRE ANDRÉ DUBOIS
LYN BARKOW
BROBECK HALE and DORR

Attorneys for Amicus Curiae
International Federation of Journalists

Dated: February 16, 2001

APPENDIX

Translation from French

Court of Appeals of Paris, First Court A

Order of May 10, 2000

Le Figaro's Management Company /
The National Journalist Labor Union (SNJ),
Ms. S.L., Messrs. F.B., P.K., F.P., P.L., P.B., F.B., P.C.

- **Joint brief**
- **Text of the ruling**

Le Figaro's Management Company released an electonic edition offering access to Le Figaro's files via the minitel [*trademark for an electronic directory terminal marketed by the French Department of the Post Office and Communications – Translator's note*]. Said access includes issues published over the past two years, coupled with the ability to obtain copies of the articles, either via fax or e-mail.

Considering this process to be an infringement of the rights of journalists over their articles, the National Journalist Labor Union (hereinafter SNJ – *Syndicat National des Journalistes*) and eight journalists have brought a lawsuit before the departmental court of Paris in order to obtain a restraining order [barring Le Figaro] from operating the [web] sites in dispute subject to a daily penalty payment of 10,000 FRF, to appoint an expert to determine the compensation and royalties owed as a result of infringement, and to publish the ruling in the newspaper of the plaintiffs' choice.

Pursuant to the ruling of April 14, 1999, the court:

- prohibited Le Figaro's Management Company from electronically accessing articles authored by the plaintiffs, via access number 08 36 29 18 54, without having been explicitly authorized to do so by the plaintiffs. [Unauthorized use of said articles would be] subject to a daily payment penalty of 10,000 FRF at the end of one month following the notification of this decision,

- appointed Mr. Mercury, in his capacity as expert, and requested him to forward all documents and other information [that would aide in] determining the royalties to be received by the journalists, in accordance with the number of uses, in exchange for the infringing reproduction of their works on the minitel.

The court,

Having seen the appeal made against this ruling by Le Figaro's Management Company;

Having seen the conclusions dated October 15, 1999, in accordance with which the appellant petitions the court, by reversing the summary ruling, to:

- to declare that the SNJ is inadmissible in its lawsuit, due to its lack of right to initiate a lawsuit, pursuant to Article 122 of the NCPC [New Civil Procedural Code],

- to declare that the newspaper constitutes a collective work and, as such, is endowed with copyrights, including those indicated by Article L. 111-1 of the Intellectual Property Code and pursuant to Article L. 113-5 of said code, and is accordingly entitled to distribute an electronic edition of the title,

- to subsidarily, and in any other hypothesis to the contrary, declare that "to the extent a delineation of copyrights transferred by newspaper journalists is

necessary, this transfer is not limited to the initial print publication with no other right for the newspaper, but instead includes the possibility of a plurality of print editions, including an electronic edition, to the extent that it is an edition of the newspaper itself. This shall be notwithstanding any individual rights over separate components, beyond the newspaper, that may be held by third parties, and in particular, those outside of the debate submitted to the court,"

- to, therefore, dismiss all claims of the defendants.

Having seen the conclusions of November 25, 1999, by virtue of which the appellant petitions the court

- to state that Le Figaro's Management Company possesses only the rights of first publication, and that the aforementioned action infringes on the rights of the company's salaried journalists or independent contractors,

- to prohibit Le Figaro's Management Company from using all works of journalists or independent contractors, either by means of the minitel or on the Internet, subject to a daily payment penalty of 10,000 FRF,

- to appoint an expert to determine the amount of compensation or royalties owed as a result of infringements upon the right of reproduction, the right of representation and the right of dissemination of the moral right, both to journalists attending the proceeding and other journalists or independent contractors authors who have contributed works to Le Figaro newspaper,

- to order the appellant to pay the amount of 10,000 FRF to each of the defendants as per Article 700 of the NCPC,

- to order the publication of the "ruling" in a newspaper of their choice within the limit of 20,000 FRF excluding taxes;

Discussion

With regard to the proceeding:

Whereas the judge preparing the case ordered that the investigation be closed as per an ordinance of March 14, 2000;

Whereas, according to records dated March 22, 2000, Le Figaro's Management Company requests the dismissal of this order and rejection of oral arguments on the grounds that the expert appointed by the court has filed his report;

But whereas the filing of this report does not constitute a serious cause capable of justifying the dismissal of the closing order, as neither party has concluded on the amount of compensation and royalties, the court would be responsible for reopening the arguments, if deemed necessary to rule on this point;

That the petition submitted by the appellant company must, consequently, be rejected.

Regarding the National Journalist Labor Union's right to initiate a lawsuit

Whereas pursuant to Article L. 411-11 of the Labor Code, labor unions can, in all jurisdictions, exercise all rights reserved to the civil party involving the direct or indirect damage to the collective interest of the profession they represent;

Whereas in the present case, noncompliance with the copyrights of journalists raised is such as to entail direct or indirect damage to the collective interest of the profession represented by the SNJ considering that the dispute raises an ethical question, and whereas the solution of said dispute can be extended to other corporate members of the labor union, it follows that the lawsuit initiated by the SNJ is admissible.

On the merits

Whereas Article L. 111-1 of the Intellectual Property Code states that the author of an intellectual work enjoys an exclusive and enforceable intangible property right over his creation, constituting intellectual and moral attributes as well as capital attributes, and that the existence or the creation of a work or service contract by the author of an intellectual work entails no waiver of the enjoyment of this right;

That by virtue of Article L. 131-3 of the same code, the transfer of copyrights is subject to the condition that each of the rights transferred must be separately disclosed in the transfer document and that the scope of operation for exploiting the rights transferred must be limited in scope and intent, with regard to the place and duration;

Whereas lastly, pursuant to Article L. 131-6, the clause of a transfer that is intended to cede user rights over a work in a way not foreseeable or anticipated as of the date of the contract must be explicit and stipulate the author's share in any profits;

Whereas these provisions are applicable to a journalist who, notwithstanding his employment relationship with the newspaper company employing him, is the sole proprietor of the right over his work published in the newspaper;

That in the present case, neither labor contracts nor the national journalist labor union collective agreement provides for special provisions related to the transfer of use rights over articles authored by journalists;

And whereas Article L. 761-9 of the Labor Code subordinates the right of publishing articles or other literary or artistic works authored by journalists in more than one newspaper or periodical to an explicit agreement specifying the conditions under which said reproduction is authorized;

Whereas in this regard, it is insignificant whether or not the newspaper constitutes a collective work;

Whereas the appellant has failed to justify such an authorization, which contrary to that alleged by the interested party, cannot be deducted from the whole compensation under the conditions stated by Article L. 132-6 of the Intellectual Property Code.

Lastly, whereas the distribution of the electronic edition of Le Figaro via the minitel and its filing on the server cannot be compared to an extension of the print distribution, as this involves a new technology that could not have been anticipated when the labor contract was entered into, and a use by the publishing company by means of a royalty according to the duration of access; that furthermore, what is published in this manner is not

the entire newspaper but contributions, i.e. works of journalists, with the exclusion of pictures and certain graphics;

Whereas, therefore, it is due and proper that the initial judges deemed that the right of reproduction transferred to Le Figaro's Management Company ended after first publication in the form agreed-upon, i.e. the first print edition. Hence, any new reproduction on the same type of medium or a different medium necessitates a prior agreement of the contracting parties, in exchange for equitable compensation;

Whereas since such agreement was not demonstrated, the ruling (subject to a daily payment penalty) prohibiting Le Figaro's Management Company from electronically distributing the articles authored by journalists, must be confirmed;

Whereas, as it has been demanded by the defendants, this prohibition should be extended to any form of use of said articles on the Internet, which again involves a method of exploitation not anticipated when the contracts were entered into and accordingly not targeted thereby;

Whereas the decision must also be confirmed for having rejected the demand for the publication of the ruling and there is no reason to modify the task entrusted to the expert;

Whereas in all fairness the demands made by the defendants based on Article 700 of the NCPC should also be heard.

The Ruling

The court, handing down its ruling to both parties in a public hearing:

- **declares the National Journalist Labor Union as being admissible in its lawsuit;**
- **onfirms the ruling undertaken;**

Adding the following:

- **prohibits Le Figaro's Management Company from using articles over the Internet if not explicitly authorized by the authors thereof, subject to a daily payment penalty of 10,000 FRF at the end of one month starting from the notification of this ruling;**
- **orders Le Figaro's Management Company to pay the defendants the total amount of 20,000 FRF pursuant to Article 700 of the NCPC;**
- **orders the company to pay costs of the appeal.**

The court: Ms. Claire Favre (presiding judge), Ms. Geneviève Bregeon and Mr. Dominique Garban (counselors), Ms. Brigitte Gizardin (standing in for the attorney general).

Attorneys: Messrs. Paul Lombard, Marc Louvet and Hassler.

- **Brief Jnet**
- **Text of the ruling**

Departmental Court of Strasbourg
Summary commercial ordinance of February 3, 1998
(reversed by the Court of Appeals of Colmar – September 1998)

French Journalist Labor Union CFDT (USFJ), National Journalist Labor Union (SNJ),
V.C.W., E.K., C.F., R.K./SDV Plurimédia

Consolidation: SNJ, G.C., M.T./SDV Plurimédia

- **Brief(April)**
- **Brief(September)**

The SNJ (National Journalist Labor Union), Mr. G.C., journalist, Mr. T., reporter have brought a lawsuit against SA SDV Plurimédia before this court's judge of urgent commercial matters;

They claim that this company is an operator on the Internet that does business in the provision of access to the network; in this capacity, it emits broadcasts from the regional station of FR 3 such as the local edition of the Alsatian newspaper, Rund-Um, and the summary of the televised evening news journal.

By means of separate summons, the USJF [*Union syndicale des journalists français* – French Journalist Labor Union], the SNJ, Ms. V. C. W., journalist, Mr. C.F., journalist, Mr. R.K., journalist, have brought a lawsuit against the company called Plurimédia [claiming that said company] distributes the DNA [*Dernières Nouvelles d'Alsace* – Latest Alsatian News] newspaper on the Internet.

The two claims have been combined.

The plaintiffs are not compensated for the distribution of their articles.

They dispute these daily broadcasts since they deem that they are performed illegally, as FR 3 and the DNA [newspaper] have not obtained the consent of the journalists/authors.

They maintain that the lawsuit of the labor unions is admissible, since it is accompanied by the participation of journalists acting individually.

As this involves an issue that is clearly illegal, the judge of urgent matters shall have jurisdiction.

On the merits, they raise the issue of distribution on the Internet presuming ownership by the distributor of the work's copyrights; whereas in the present case, this condition has not been met.

Concerning the DNA [newspaper]:

The newspaper enjoys copyrights of a collective work, but [only] under the conditions acknowledged by the labor contract and the collective agreement. The newspaper's ownership of said rights does not deprive the author of his moral and monetary rights.

On one hand, only the initial publication is assigned to the newspaper, however, on the other hand, any transfer in an unforeseeable manner must be included in a special provision.

Concerning FR 3:

The journalists and the labor union maintain that the audiovisual press involves a collective work.

Presuming that FR 3 is the producer, which is a simple presumption, it is the labor contract and the collective agreement that determine the extent of the transfer.

However, neither the provisions of the Labor Law, nor those of the collective agreement have been met.

The plaintiffs believe that there has been a clear violation of financial and moral rights. In order to force the DNA [newspaper] and FR 3 to negotiate a financial compensation for journalists, they demand that any further distribution [of works] be ordered subject to a daily payment penalty.

They conclude:

For the DNA [newspaper]:

- to formally notify the plaintiffs to commit to sueing Plurimédia on the merits within two weeks of the ordinance,
- to prohibit Plurimédia, subject to a daily payment penalty of 5,000 FRF, from distributing the DNA newspaper on the Internet until an agreement has been reached between the labor unions and the publishing company of the DNA journal,
- to order the defendant to pay all costs and expenses of the proceeding.
- to order the defendant to pay 1,206 FRF including all damages/interests for the penalties and incidentals of the trial to each of the defendants based on Article 700,
- to order Plurimédia's ruling to be published on the Internet and in the DNA [newspaper] up to 20,000 FRF.

For FR 3:

- to formally notify the plaintiffs to commit to sueing Plurimédia on the merits within two weeks of the ordinance,
- to prohibit Plurimédia from broadcasting emissions of France 3 on the Internet, subject to a daily payment penalty of 5,000 FRF, until an agreement has been reached between the labor unions and France 3,
- subsidarily to order the notification of the use account, of the accounting ledger and the newspaper in 1996 and as of the first quarter of 1997, subject to a daily payment penalty of 1000 FRF, in order to determine the cash flow of FR 3 with Plurimédia, and the copyright transfer contract linking FR 3 with Plurimédia.
- to order the defendant to pay all costs and expenses of the proceeding,
- to order the defendant to pay 5,603 FRF including all taxes for damages/interests for the penalties and incidentals of the trial to each of the defendants pursuant to Article 700,
- to order Plurimédia's ruling to be published on the Internet and in the DNA [newspaper] up to 20,000 FRF.

The company called SDV Plurimédia states that according to its contract dated October 24, 1995, the DNA [newspaper] passed control for the distribution of hardware allowing the opening and operation of the Internet site on which the newspaper could be read. That by means of the contract dated November 7, 1997, [said company] entered into the distribution of two Rund-Um and *Journal Tout Images* broadcasts, along with FR 3, for a

period of six months. It is limited to a technical role. The contents of the sites being determined by the publisher of the newspaper and FR 3.

Site access is free-of-charge.

It maintains that no infringement may be claimed, as there is no legal reproduction made without authorization of the owners of the literary and artistic copyrights.

It considers that it has the authorization of the sole literary and artistic copyright holders, i.e. respectively the DNA [newspaper] and FR 3.

With regard to the DNA [newspaper], this company is endowed with the copyright pursuant to Article L. 113-7 of the Intellectual Property Code over collective works. It can decide to authorize the access thereof over the Internet.

Even assuming that a journalist does not take part in the collective work, he would be linked by the provisions of his labor contract according to the terms under which the payment of his salary is made in exchange for the rights that he transfers to publish the work in the newspaper that employs him and under the terms of Article L. 761 cf. of the Labor Code, which do not require an explicit agreement for the publishing rights of works in more than one periodical. However, in the present case, the DNA [news] viewed on the Internet are the same as those read in the newspaper.

With regard to FR 3, as per Article L. 113-7 of the CPI [Intellectual Property Code], an audiovisual work is considered a collective work that is the property of the legal

entity on the initiative of and under the management of which it was created and distributed.

France 3 may, thus, decide to provide access thereof over the Internet.

Subsidarily, under the terms of Article L. 132-24 the CPI, the contract binding the producer to the authors of an audiovisual work prevails, unless otherwise stipulated, over the transfer in favor of the producer of the exclusive use rights of the work.

Plurimédia concludes:

Having seen Articles 872 and 873 of the NCPC,

- notes that when the company called SDV Plurimédia provides services intended to allow the access to Rund-Um and *Journal Tout Images* broadcasts over the Internet, it does so by order of the FR 3 company, [which is the] sole holder or in any case transferee of the use rights.
- declares that the plaintiffs have established no clear illegal issue, no risk of imminent damage and nothing that would justify the serious steps requested thereby,
- states that there is no reason for a summary application,
- requests the dismissal of all claims of the SNJ, Ms. and Messrs. C. and T.

Having seen Articles 872 and 873 of the NCPC,

- notes that when the company called SDV Plurimédia provides services intended to allow access to the newspaper *Dernières Nouvelles d'Alsace* on the Internet, it does so by order of its

publishing company, sole party "endowed with the copyrights" by virtue of Article 113-5 of the Intellectual Property Code and moreover, is authorized to do so by "explicit agreements" set forth by Article L. 761-9 of the Labor Code.

- declares that the plaintiffs have established no clear illegal issue, no risk of imminent damage and nothing that would justify the serious steps requested thereby,

- states that there is no reason for a summary application,

- requests the dismissal of all claims of the USFJ CFDT, SNJ, Ms. and Messrs. C.W., K., F. and K.

THE FACTS

Plurimédia offers subscriptions allowing access to the Internet.

By means of the contract dated October 24, 1995, entitled "Internet service contract", the DNA [newspaper] and Plurimédia entered into an agreement the object of which is for the DNA to allow technical support to be provided by Plurimédia for distributing the daily newspaper on the Internet.

For Plurimédia, this involves providing the necessary hardware (telecommunication connection, assemblers, networks, computers, software, etc.) to the DNA [newspaper] and primarily to ensure the tracking and maintenance of operations.

The DNA [newspaper] has stipulated that it has full ownership of the texts (Article 1). The company called

Plurimédia has committed itself as technical service provider and shall not alter, modify, delete or add items to the content transmitted by the DNA [newspaper] (Article 1).

By means of a private document dated November 7, 1997, Plurimédia and FR 3 entered into an experimental contract providing the distribution of two Rund-Um and *"Journal Tout Images"* broadcasts via the Internet over a six-month time period.

Plurimédia provides FR 3 with a server. Its role is technical. FR 3 remains owner of the industrial and intellectual property rights (Article 3-14).

Regarding the form

Within the framework of a current and ongoing dispute, the lawsuit brought forward by the labor unions, from the moment it was initiated to protecting the collective and/or individual interests, is admissible. In the present case, it is furthermore brought forward by journalists.

The judge for urgent matters has jurisdiction pursuant to Article 809 of the New Civil Procedural Code (even in the event of serious disputes) to order protective measures to halt a clearly illegal issue; the alleged issue in the present case is infringement of copyright.

The demand is, therefore, admissible and the judge for urgent matters has jurisdiction to hear the dispute.

On the merits

It should be determined whether the broadcasting authorization provided to the Plurimédia company was given by the copyright holders; indeed, it seems apportionable in current legal doctrine that a broadcast on the Internet is a mode of reproduction subject to authorizations in compliance with the financial rights of the authors.

It is also indisputable that a journalist holding the literary and artistic property right pursuant to the Law of March 11, 1957, amended by the Law of July 3, 1985. The copyright is recalled by Articles 9 of the collective journalist agreement dated October 27, 1987, and by the audiovisual collective agreement.

Concerning the DNA [newspaper]:

The newspaper is a collective work in which individual contributions of various journalists are melded; the journalist, in exchange for his whole salary, transfers his copyrights to the news company within the framework of a labor contract.

With regard to the provisions of Article 113-5 of the CPI, the collective work is the property of the individual or legal entity on behalf of which it is distributed.

Accordingly, the DNA [newspaper] is supposedly owner of the copyright.

However, a journalist limits the transfer of his copyright to the initial publication [of his work], and doctrine deems that reproduction of the work a professional journalist in another periodical is subject to authorization (cf.

Article 761-9 subsection 2 of the Labor Code, and L. 131-3 of the CPI).

The collective journalist agreement restates in its Article 7 this provision that "the right to publish articles or literary or artistic works (of which the individuals indicated in Article L. 761-2 are the authors) in more than one journal or periodical, must be authorized by an explicit agreement that should indicate the conditions under which reproduction will be authorized".

These provisions apply to the reproduction of articles on the Internet. Communication over the network presents a technological specificity. The product is not the same as that of the newspaper; this involves a new means of communication.

Moreover, journalists cannot transfer this right in a form not anticipated in Article L. 131-6 of the CPI as of the contract date, unless they have explicitly agreed upon a rate of share in any profits. This is not valid in the present case since the modality of this clause is precisely the object of negotiations between the journalists and the DNA.

The overall transfer of future works is null and void.

Copyrights must be protected on digital networks.

Accordingly, with regard to the combined provisions of Articles L. 761-9 of the Labor Law, and 7 of the collective journalist agreement, reproduction of articles (already published in the DNA) on the Internet is subject to the authorization of the authors, i.e. the journalists.

Concerning FR 3:

The audiovisual work is a work of collaboration protected by the law of March 27 (cf. L. 113-7 of the CPI).

The work of collaboration is owned jointly by the coauthors.

An audiovisual journalist is bound by his work contract and he has transferred his rights (Article 7-4-2 of the collective agreement).

However, the audiovisual collective agreement in its Article 7, and Article L. 761-9 of the Labor Code, stipulates that an explicit agreement is necessary for a new method of distribution.

But, applying the reasoning developed hereinabove, it appears that when entering into labor contracts, journalists, parties to the proceeding, could not have transferred their rights to broadcast on Internet server, which began emitting broadcasts no earlier than the date of the contract, i.e. November 7, 1997.

They could not assign rights over work under a form not foreseeable and not provided as of the date of the contract.

Accordingly, for lack of explicit agreement, the transfer of broadcasts already distributed is illegal.

The company called Plurimédia should have verified that its co-contractors, the DNA [newspaper] and FR 3, were copyright holders for new reproduction. It infringed on the financial rights of the journalists. Hence, there is a clear illegal issue.

The company called Plurimédia is, therefore, prohibited from distributing the DNA newspaper and the FR 3 broadcasts on the Internet until an explicit agreement has been reached between the authors and the DNA newspaper and/or FR 3.

The demands concerning communication of the operating book involve a demand based on the lawsuit of infringement that is of the jurisdiction of the trial court.

The demand for publication of the ruling does not appear appropriate in the present case.

THE RULING

Based on these grounds,

Ruling in the presence of both parties, in the first instance,

We formally notify the plaintiffs to commit themselves to sue Plurimédia in substance within fifteen days of the ordinance;

We hereby prohibit distribution of the DNA journal and broadcasts of FR 3 on the Internet by Plurimédia, subject to a daily payment penalty of 5,000 FRF, until an agreement has been reached between the journalists and the publishing company of the DNA journal and FR 3.

We dismiss any other demand of the plaintiffs;

We order the defendants to pay all costs and expenses of the proceeding;

We order the defendants to pay each plaintiff 1,200 FRF pursuant to Article 700;

This order is enforceable by provision of full law.

The court: Mr. Rivet (Presiding Judge)

Attorneys: Mr. Hassler – Mr. Alexandre – Mr. Solal

Brief(April)

Brief(September)

An agreement between the DNA newspaper and journalists. April 18, 1998

Last April 9th, the management of the daily newspaper, *Dernières Nouvelles d'Alsace*, and the labor union of journalists entered into an agreement regarding the transfer of copyrights concerning the distribution of newspaper articles on the Internet. The journalists will receive 10% of the net profit earned by the free distribution of their articles, with a guaranteed minimum of 200 FRF per year. In the event that access is paid for, compensation will increase to 8% of the gross commercial sales. In exchange, the signatories waive the legal proceedings initiated three months ago.

Text of the order of February 3, 1998

The "Le Figaro" case: Towards an industry-wide agreement. April 18, 1998

The assistant presiding judge of the departmental court of Paris has just invited the employer union of Parisian newspapers to negotiate an industry-wide agreement with labor unions of journalists concerning the copyrights of articles already published and subsequently distributed on the Internet. This order intervenes within the

framework of the referred lawsuit against *Le Figaro* newspaper by the National Journalist Labor Union due to the refusal of the newspaper to negotiate with the journalists. The newspaper considers itself the sole copyright holder on the collective work.

The year 2000: Microsoft admits problems. April 16, 1998

Certain Microsoft products do not pass the Y2K test. This is what the world leader in microcomputer software admits on its Web sites devoted to the Y2K problem. To find out whether your Microsoft software confuses 2000 and 1900, visit the site http://www.microsoft.com/year2000/.

Copyright: Lawsuit against Corel rejected. April 16, 1998

MicroGrafx's complaint against Corel for the incorporation of its "American Greetings CreataCard" software in "Print House Magic" was rejected by the US federal court. MicroGrafx declared that it would appeal this ruling.

Internet and fraud: Virtual corporate shares? April 14, 1998

A 34-year-old California man was arrested for having defrauded approximately 150 investors. Seeking to sell shares of his company on the Internet, the businessman allegedly obtained US $190,000 from these investors, which he reportedly spent on private needs.

Domain name: Illegal fee collection. April 14, 1998

A US federal judge has just declared that the governmental fund of US $50 million collected by NSI through the reservation of domain names, constitutes an illegal fee to the extent that it has not been approved by Congress.

Brand name law: Battle over Alta Vista. April 14, 1998

Digital Equipment is being sued by a British company, Alta Vista Corporation, for illegal use of the brand name "Alta Vista" with its Internet search engine. [The brand name was previously] filed by the latter. For its part, Digital Equipment has also filed suit against another US company, Alta Vista Technology, for illegal use of the same brand name.

Domain name: A group of artists defends itself. April 14, 1998

A group of 24 country music artists has filed a suit against a California businessman who allegedly reserved the name of the group as a domain name on the Internet, in order to redirect browsers to a pornographic site. The group accuses him of illegal use of a trade name, unfair competition and violation of image rights.

Stalking on the Internet: Sixty child molesters arrested. April 3, 1998

A special police unit in New Hampshire, U.S., arrested sixty Scandinavian child molesters dealing on the Internet. The policemen used the Internet to lure them to

American soil. Thus to arraign a child molester residing in Sweden, a policeman passed for an adolescent and set up a meeting in New Hampshire where he was able to be apprehended.

Questioning for illegal betting on the Internet. April 3, 1998

The top US federal inquiry organization for illegal betting on the Internet has just allowed the examination of six individuals. Whereas the sites were for the most part located in Curaçao, Antigua, in Costa Rica and in the Dominican Republic, one of these companies involved had an office in New York and majority of its bettors were American. They offered bets on basketball or hockey results, pocketing 10% of the amounts received and sending the profits by mail. Those indicted risk a maximum penalty of five years in prison and a US$ 250,000 dollars fine.

On-line drug formula causes two young people to fall into a coma. April 3, 1998

Two young Americans fell into a coma after having ingested a drug, GHB, that they had made themselves, based on a formula found on the Internet, where they had also been able to get the ingredients for this drug. The drug is know to induce euphoria, but can prove to be very dangerous when doses are miscalculated.

Translation from French

Court of Appeals of Colmar

Ruling issued on September 15, 1998

FR 3 and D.N.A. vs. the journalists' trade unions

In a ruling issued on April 28, 1998, to which reference is specifically made with regard to the history of the litigation, the proceedings, and the evidence and arguments presented by the parties, the Court of Appeals in the above-mentioned jurisdiction has ordered that the case be reopened; has invited the parties to submit the agreements that were entered into, as mentioned during the course of the said proceedings; and to specify the conditions under which broadcasts made by FRANCE 2 were distributed over the Internet, and whether copyright agreements had been signed with the journalists.

In pleadings dated June 17, 1998, the company known as SDV PLURIMEDIA stated that a collective business agreement had been signed on April 9, 1998 between D.N.A., party of the first part, and the SILAC, CFDT, CNJ, and Force Ouvrière [*Working Power*] unions, with the countersignatures of Mrs. C-W., Mrs. K., Mr. K., and Mr. F.; that a settlement affidavit was signed on May 5, 1998 by SDV PLURIMEDIA, the S.N.J., the USJF-CFDT, Mrs. C-W., Mrs. K., Mr. K., and Mr. F.; and that the latter parties had decided to waive their pursuit of the withdrawal of the newspaper known as "Les D.N.A." and the broadcasts of FRANCE 3 from Internet sites, but that this was not the case for Mr. C. and Mr. T., whose claims were not properly founded.

The company asked the court to acknowledge the company's previous written arguments; to confirm all the provisions of the ruling; and to find that there are no grounds for referral of the matter.

In pleadings dated June 10, 1998, the national television company, FRANCE 3, stated that as of January 31, 1996, FRANCE 2 had been broadcasting various programs on the Internet, without the signing of any specific agreements with the journalists, and asked the court to grant to it the full benefit of its previous written arguments.

In pleadings dated June 22, 1998, the S.N.J., Mr. C, and Mr. T stated:

- That there is no longer any litigation between the respondents and PLURIMEDIA, and that the D.N.A. journalists (who are natural persons) and the unions have withdrawn from the suit and from the action, for the duration of the agreement that was entered into, pursuant to the provisions of a draft settlement agreement;
- That the suit subsists, in its entirety, with regard to FRANCE 3 television;
- That the status of the journalists as the authors of newspaper articles is undeniable, and the characterization of collective work, as stated by the Court of Cassation, does not in any way prevent the rights from being assigned by the journalists to their employer, inasmuch as the newspaper is the *ab initio* owner of the rights only for the first publication, and that any and all other publication requires an assignment of rights;
- That for audiovisual works, the creations are protected by copyright only if they reflect the imprint and personality of the creator; but that when they consist

of reports of information, the choices of framing and the preparation of text indisputably indicate that the said works are in fact covered by copyright;

- That the collective bargaining agreement acknowledges the status of journalists as authors, as does the audiovisual rider, which also provides for the assignment of copyright by journalists to their employer; and

- That the presumption of assignment to the benefit of the producer exists only when the authors have been compensated, which is not the case in the present matter.

In an undated memorandum of withdrawal submitted to the Court on the day of the hearing, Mrs. C-W., Mrs. K., Mr. F., and Mr. K. withdrew entirely from the proceedings and from the suit for a period of one year after the date of the agreement, and the S.N.J. withdrew from the proceedings and from the suit in connection with the claim relating to the publication of the D.N.A. newspaper, for the same period.

In view of the file in the proceedings, the evidence properly placed in the file, and the briefs submitted by the parties, to which the Court makes reference with regard to a broader statement of their arguments:

1) *REGARDING THE ADMISSIBILITY OF THE APPEAL:*

Whereas the appeal, as filed in the manner and within the time period prescribed by law, is admissible as to form;

2) *REGARDING THE ADMISSIBILITY OF THE VOLUNTARY PARTICIPATION BY FRANCE 3:*

Whereas, pursuant to the provisions of Article 554 of the New Code of Civil Procedure, persons who were not parties to, or represented in, the initial proceedings, or who were parties to the said initial proceedings in another capacity, may be a party to appeals proceedings if they have an interest in the said proceedings;

Whereas FRANCE 3, which signed a contract with SDV PLURIMEDIA; whose right to make use of the broadcasts entitled "Rund Um" and "Journal Tout Images" has been challenged; and which has indirectly been ordered to initiate negotiations with the trade unions, has a certain interest in participating in the appeals proceedings in order to submit arguments on its own behalf, inasmuch as it claims to be the owner of the copyright and therefore to be entitled to assign the rights held by it;

Whereas the said participation is admissible as to form;

3) *REGARDING THE ADMISSIBILITY OF THE CLAIM*:

Whereas the admissibility of the action by the journalists' unions, as based on the provisions of Article L. 411-11 of the Labor Law, has not been challenged in connection with the appeals proceedings;

Whereas only the admissibility of the claims formulated by the trade unions and by the two FR3 journalists against FRANCE 3 has been discussed, on the grounds, on the one hand, that an audiovisual work is a work of collaboration, and that all of the co-authors of the work should be involved, and, on the other hand, that the plaintiff journalists have not established their status as authors;

Whereas the plaintiffs do not seek the collection of copyright fees, but rather have requested that the judge presiding over the special hearing issue a temporary order for the purpose of halting a manifestly illegal violation of rights or preventing imminent harm;

Whereas the journalists' unions and the plaintiff journalists, whose position as employees of FRANCE 3 has not been challenged, have the necessary standing for, and an interest in, claiming the existence of an illegal violation of rights or imminent harm that could damage the interests of the profession as a whole or of certain journalists individually, despite the fact that the present legal action does not affect all of the journalists associated with the broadcasts in question;

Whereas, in their capacity as journalists at FR3, Mr. C. and Mr. T. also have the necessary standing to take action, based on their view that their employment contract and the audiovisual collective bargaining agreement do not entail the assignment of exploitation rights to FRANCE 3, and that the draft experimental agreement entered into with SVD *[sic]* PLURIMEDIA was subject to extension to cover other broadcasts;

1) Regarding the reproduction of the D.N.A. newspaper on the Internet:

Whereas it should be noted that the journalists' trade union CFDT, the S.N.J, Mrs. C-W., Mrs. K., Mr. F., and Mr. K., who are journalists at the D.N.A. had sued the PLURIMEDIA company in the commercial division of the Court of First Instance of Strasbourg in order to obtain an injunction against the broadcast by PLURIMEDIA of the

D.N.A. newspaper on the Internet, inasmuch as an agreement had not been entered into between the unions and the company that publishes the D.N.A. newspaper;

Whereas an agreement was signed on April 9, 1998 for a period of one year between Les Edition les D.N.A., party of the first part, and the CFDT trade union, the S.N.J, and FO [*Force Ouvrière*], party of the second part, regarding the assignment of the journalists' copyright for the electronic or computer-based distribution of the newspaper;

Whereas the said agreement specifies that the parties agreed to resolve the disagreement between them and to withdraw from the proceedings that had been undertaken prior to the said date;

Whereas they indicate, in Article 9, that:

- Regardless of the contents of the ruling issued by the Court of Appeals of Colmar in the hearings proceedings currently pending before it regarding the appeal by SDV PLURIMEDIA and FRANCE 3, scheduled for April 28, 1998, the signatories expressly undertake to withdraw from the said proceedings and to discontinue them;

- The original proceedings, as undertaken before the Court of First Instance of Strasbourg, pursuant to a summons dated February 17, 1998, shall be terminated, pursuant to the withdrawal of the plaintiffs from the proceedings and from the suit;

- The signatory trade unions expressly declare their acceptance of the provisions of the present Article 9, in their own name and also in the name and on behalf of Mrs. C-W., Mrs. K., Mr. F., and Mr. K., who are likewise parties to the above-mentioned proceedings, in which they have an interest;

– Likewise, the D.N.A. company expressly declares its acceptance of the provisions of the present Article 9, in its own name and also in the name and on behalf of SDV PLURIMEDIA, in which it has an interest;

Whereas, furthermore, a settlement agreement was signed on May 5, 1998 by and between the plaintiff trade unions and the D.N.A. journalists, on the one hand, and SDV PLURIMEDIA, on the other hand, which stated: "due to the agreement entered into between D.N.A. and the D.N.A. journalists, and the S.N.J. and USJ CFDT trade unions, the litigation between the above-mentioned trade unions and journalists, on the one hand, and SDV PLURIMEDIA, on the other hand, regarding the on-line broadcasting of D.N.A., is hereby terminated.

The parties are aware of the terms of the agreement and shall apply the said terms in all areas affecting them";

Whereas the plaintiffs and the respondent parties have declared their intention to withdraw from the suit and from the proceedings for a period of one year after the agreement;

Whereas the claim no longer has a purpose, inasmuch as an agreement has been reached between the plaintiffs and the D.N.A., and inasmuch as the claim was subject specifically to the signing of such an agreement;

Whereas, furthermore, pursuant to the provisions of Article 384 of the N.C.P.C., the proceedings are subject to termination as a secondary outcome of the termination of the suit as a result of the settlement; the termination of the proceedings has been documented in a withdrawal decision; and the judges are responsible for giving executive force to the affidavit attesting to the agreement of the

parties, as entered into either before the judge or outside his presence;

Whereas the settlement agreement, as signed by the parties on May 5, 1998, with reference to the agreement dated April 9, 1998, constitutes an agreement that was entered into outside the presence of the judge;

Whereas, therefore, grounds do exist for confirming the termination of the proceedings and the withdrawal of the suit from the Court;

Whereas the costs of the appeal, as incurred by the parties, should be compensated;

2) Regarding the reproduction, on the Internet, by FRANCE 3, of the broadcasts known as "RUND UM" and the newspaper "TOUT IMAGES" ["All Pictures"]:

Whereas, within the context of the present proceedings, the Court is responsible for determining whether the reproduction, on the Internet, of the news magazine, published in the Alsatian dialect, known as "RUND UM", and of the summary of the newspaper "TOUT IMAGES" by SVD *[sic]* PLURIMEDIA constitutes, for the plaintiffs, a manifestly illegal violation of rights or entails the risk of causing imminent harm to them;

Whereas the present Court is not in the possession of any elements of fact that would allow it to determine whether the reproduced broadcasts constitute collective or collaborative works, and whereas the characterization of the said broadcasts lies solely within the competence of the judge in the original case;

Whereas the broadcasts in question were apparently properly produced by FR3, such that, pursuant to the provisions of Article L.132-24 of the Intellectual Property Code, the contract that binds the producer and the authors entails, absent any provisions to the contrary and without prejudice to the acknowledged rights of the author, the assignment, to the sole benefit of the producer, of the exclusive rights to exploitation of the audiovisual work;

Whereas, in the case at hand, absent any provisions contained in the employment contracts binding FRANCE 3 and the journalists, only the provisions of Article 7-4-2 of the audiovisual rider to the journalists' collective bargaining agreement address the assignment of their rights;

Whereas the said article provides that permanent journalists, or journalists covered by the provisions of Article 17-2, shall assign, exclusively and in their entirety, the rights necessary for the use of their services; whereas the business that employs them acquires, in particular, the right to the distribution, reproduction, and exploitation of the broadcasts produced with the participation of the journalists; whereas the employer has the right to assign the exploitation rights to third parties; whereas if the said exploitation takes place in exchange for compensation, and specifically with regard to exploitation in the form of cassettes or videocassettes, directly by the employer or through another company, the journalists shall receive additional compensation, which compensation shall be paid on the basis of 37.5% of the net sale prices received by the holders of the rights; whereas the procedures for distribution among the holders of the rights shall be the subject of specific agreements;

Whereas there can be no serious doubt that as of the date of the said rider (i.e., July 9, 1983), the assignment of rights could not address the reproduction of any broadcasts over the Internet, which at that time did not exist;

Whereas there was no express agreement stipulating any participatory interest relating to the earnings from exploitation for the assignment of the right to exploit the work in a form that was not provided, or that was not provided as of the date of the said rider, as required pursuant to the provisions of Article L.131-6 of the Intellectual Property Code;

Whereas it cannot seriously be argued that the reproduction of broadcasts televised over the Internet are included in the assignment of rights granted to FRANCE 3; although the same contents are effectively involved, the reproduction takes place via an electronic medium that does not have the same characteristics and that is not addressed to the television viewing audience in accordance with a pre-established schedule, but instead is made available to any owner of a computer, who may gain access to the broadcasts at any time and at any location on the planet, including, theoretically, prior to the release of the broadcast;

Whereas, although the collective bargaining agreement entered into by the journalists at the time in question did regulate the assignment of audiovisual works in the form of cassettes or videocassettes, which did not constitute customary means for the distribution of televised broadcasts, at the time in question the said agreement could not have foreseen distribution or reproduction over the Internet;

Whereas, however, the suit was filed not against FRANCE 3, but rather against SDV PLURIMEDIA;

Whereas if FRANCE 3 had not been able to declare to SDV PLURIMEDIA (as it did in the draft agreement signed with it), that it was indeed the owner of the intellectual property rights relating to the broadcasts, nevertheless, it does not appear that SDV PLURIMEDIA was guilty of a *manifestly* illegal violation of rights, inasmuch as, in the first place, the experimental agreement entered into for a period of 6 months was entered into free of charge; secondly, FRANCE 3 had affirmed that it was the owner of the copyrights and had obtained all of the legal and regulatory authorizations for their exploitation, reproduction, and commercial sale in compliance with the legislation in force; third, FRANCE 3, like FRANCE 2, had an operating site on the Internet, whose presence may have supported SDV PLURIMEDIA's belief in the accuracy of the said information; and, fourth, the assessment of the error that may have been committed by SDV PLURIMEDIA in lending its support to FRANCE 3 does not appear obvious, in the light of the foregoing factors and in the light of all of the legal issues raised by the emergence of the Internet and its use, and in any event lies within the competence of the judge in the original case, in the court in which the complaint was apparently filed;

Whereas, in the case at hand, no imminent harm is present, inasmuch as the conditions of the reproduction by SDV PLURIMEDIA are clearly known; inasmuch as the instances of access to the [Internet] site can be determined; and inasmuch as the plaintiffs are capable of obtaining reparations before the judge in the original

case, provided that the plaintiffs can demonstrate damage and their status as authors;

Whereas, in the absence of any *manifestly* illegal violation of rights, and in the absence of any imminent harm, there are no grounds for issuing an injunction against reproduction by SDV PLURIMEDIA, in view of the further facts that FRANCE 3 has terminated the experiment, and that the contract expired during the month of May;

Whereas the ruling referred to the Court should therefore be negated; and

Whereas the expenses associated with the initial suit and with the appeal should properly be combined and paid in equal portions by both of the parties, except for the expenses associated with the participation of FRANCE 3 in the appeals proceedings, which expenses shall be paid by FRANCE 3;

NOW, THEREFORE,

The Court,

ruling as the court of last resort, in a public hearing, after having heard the arguments by both parties, and after having deliberated the said arguments in the manner prescribed by law, hereby:

DECLARES that the appeal is admissible as to form;

DECLARES that the voluntary participation of FRANCE 3 is admissible;

CONFIRMS that an agreement was entered into by and between the French Journalists' Trade Union, CFDT, the journalists' collective trade union, Mrs. C-W., Mrs. K., Mr.

F., and Mr. K., with regard to the claim filed by them between *[sic]* SDV PLURIMEDIA;

CONFIRMS the dismissal of the suit based on the said claim, and the non-jurisdiction of the present Court;

NULLIFIES the ruling as issued, with regard to its decision regarding the claim by the CFDT and S.N.J. trade unions and by Mr. C. and Mr. T. against SDV PLURIMEDIA regarding the reproduction of FRANCE 3 broadcasts over the Internet; and,

Ruling once again in the said matter,

STATES that no grounds exist for the referral;

COMBINES the expenses associated with the original suit and the appeal, except for the expenses associated with FRANCE 3, which expenses shall be paid by FRANCE 3, and states that the said combined expenses shall be paid by both of the parties; and

REJECTS the claim for procedural indemnification.

The present ruling was signed by the President and by the Clerk, who were present at its issuance.

Done in Colmar, on September 15, 1998.

The Court:

Mr. Guedet, President of the Chamber

Mrs. Bertrand, Counselor

Mrs. Maillard, Counselor

Mrs. Schirmann, Clerk

Attorneys:

Mr. Cahn

Mr. Levy

Mr. Bergmann

Mr. Cahn

AGREEMENT

between

"Editions des Derniéres Nouvelles de l'Alsace SA", represented by its general secretary Mr Olivier Metzger,

and

SILAC-CFDT, represented by Mrs Marie Brassart-Goerg, trade union delegate, the SNJ, represented by Mrs Marie-Sophie Kormann and Mr Pierre Sejournet, trade union delegates, and the FO represented by Mr Jean-Pierre Talon, trade union delegate.

Preamble

Whereas the signatories of this agreement agree that the future development of the daily newspaper Les Derniéres Nouvelles d'Alsace (hereafter referred to as DNA) will in particular involve its publication "on-line."

Whereas, in addition to the newspaper thus published electronically, the production of special reports and creation of new information services using the same medium will be jointly examined by the DNA management and those journalist trade unions which are signatories to this agreement,

The following has been agreed:

1. Scope of the agreement

The agreement will apply to all professional wage-earning journalists, paid on a monthly or piecework basis, who contribute articles, texts, illustrations, computer graphics or photographs to the production of the

daily newspaper Les Derniéres Nouvelles d'Alsace and the associated periodical publiciations (economic supplement, etc.).

2. Purpose of the agreement and the products concerned

The agreement concerns the transfer of copyright from the persons mentoined in Article 1 for the electronic distribution of the newspaper, its archives and any products designed using this technology, in exchange for payment according to the terms set out below.

This transfer applies to an initial publication in the online version of DNA. Any other dissemination using any other publication or support will require the further authorization of the authors concerns.

Each time an author transfers the copyright he nevertheless retains the moral rights to his work.

The front page of the DNA site must state "all rights of reproduction reserved".

Electronic versions of DNA

The following products fall into this category:

the paper version of the newspaper reproduced on line, including its local editions;

the special promotions and current affairs dossiers created using the newspaper's contents.

Collective services and derived products

archives available on line;

collective derived products using journliasts' texts.

3. Profit distribution basis

For on-line DNA products that are paid for on a per-consultation basis, profit distribution will be calculated on the basis of 8% of the gross income from sales, inclusive of all taxes.

For freely available on-line DNA products, profit distribution will be calculated on the basis of 10% of the net margin generated by this activity. A fixed annual minimum sum of FFR 200 will be paid to any permanent salaried journalist with more than one year's seniority.

4. Distribution method

The distribution method will be collective and will not be dependent on hierarchy.

Journalists and professional pieceworkers must have worked for at least three months or have produced at least three items of piecework in the course of the previous calendar year.

The distributoin will be performed out of two budgets, one for salaried employees on open-ended contracts at the date of distributoin, and one for all other beneficiaries. Each of these budgets will be proportional to the size of the workforce represented by the category (staff on open-ended contracts and other members of the personnel). For professional pieceworkers the distribution will be done on a pro rata basis of salaried staff / total number of pieceworkers.

The monies due to each journalist will be paid in the form of a profit sharing scheme on the 30 June following the financial year in question.

5. Development of DNA on-line

The parties recognise that professional journalists will be needed to create the content, prioritize news, split articles up into different sections and validate the content of the screens.

At least one Internet access point will be installed by 1 January 2000 in each of the DNA editorial offices and in each branch office.

6. Monitoring the application of the agreement

A commission made up of two representatives from each of the signatory trade union organizations and representatives of management will meet twice a year to monitor the way in which the agreement is being applied.

The commission will have a special report drawn up by the company auditors that deals with the financial implicatoins of the newpaper's specific on-line activity.

7. Duration of the agreement

This agreement will be valid for a period of one year from the date it is signed.

The parties are agreed that they will meet three months before it expires to examine what follow-up steps should be taken, especially with regard to changes in the different ways in which the newspaper is published.

8. Dissemination of the agreement

The DNA management agrees to give a copy of this agreement to each salaried or piecework journalist working for the company.

9. Legal action under way

The parties hereby agree to call off the dispute that exists between them and to abandon the legal action currently under way.

Consequently:

Irrespective of the decision due to be handed down on 28 April 1998 by the Colmar Court of Appeal with regard to the case currently before it concerning the appeal by the companies SDV Plurimedia and France 3, the signatories expressly undertake not to take furhter action in this regard and not to implement the terms of the order.

The proceedings on the merits of the case brought before the Strasbourg regional court on 17 February 1998 will be withdrawn by the defendant.

The signatories expressly state that they agree with the provisions of this Article 9 both on their own behalf and on behalf of Mrs Cohu-Weill, Mrs Knieriemen, Mr Frey and Mr Kuhn, other parties in the actions and whom they legally represent.

By the same token, the company DNA expressly states that it agrees with the provisions of this Article 9 both on its own behalf and on behalf of and for the account of Plurimedia SdV, a company which it legally represents.

In view of the spirit governing the present commitments, and to settle days of stand-by duty, the company DNA will ensure that SDV Plurimedia pays the SNJ and UJSF-CFDT unions and Mrs Cohu-Weill, Mrs Knieriemen, Mr Frey and Mr Kuhna a lump-sum payment of FFR 16,000 (FFR 96,000 in total).

10. Legal deposition

The text of this agreement will be deposited with the Bas-Rhin Departmental Directorate of Labour and Employment and with the secretariat-clerk's office of the Strasbourg Industrial Tribunal in accordance with Article L132.10 of the French Labour Code.

It will take effect on

Done at Strasbourg on 9 April 1998

For DNA_For SILAC-CFDT

___Olivier Metzger_Marie Brassart-Goerg___For FO_For SNJ

___Jean-Pierre Talon_P. Sejournet, M. Sophie Kormann ___R. Kuhn_V. Cohu-Weill

___E. Knieriemen_J. Claude Frey___

This is a translation. In the event of a dispute only the French original shall have force of law

Translation from German

Jur Internet Journal for Legal Information

Publisher: Professor
Dr. Maximilian Herberger E-mail to the editors

Hanseatic Superior District Court of Hamburg

Basic Ruling and Partial Ruling of May 11, 1998 (3 U 212/97)

Rights to Use Photographs

JurPC Web doc. 193/1998, paragraphs 1 – 71

§§ 97, paragraph 1; 17, paragraph 1; 2, paragraph 1, no. 5, 72; 37, paragraph 2; 31, paragraph 4; 31, paragraph 5; 53, paragraph 2, no. 2 Urh G [(German) Copyright Act]; 43 VerlagsG [(German) Publishing Act]; 242 BGB [(German) Civil Code]

Preface (by the editors)

The rights to use photographs granted to a publisher for publication of photos in a magazine or journal do not entitle the publisher to later transfer the photographs to CD-ROM and distribute them in that form. Publication in a CD-ROM must be regarded as a utilization to be evaluated as an independent type of use in this regard.

Statement of facts

JurPC Web-doc. 193/1998, Paragraph 1

The parties are in dispute regarding the issue of whether the defendant was entitled on the basis of the agreements with the originators of the photograph to distribute the photographs first published in the news magazine

S . . . in the years 1989 – 1993 in the CD-ROM annual editions produced for the corresponding years.

Paragraph 2

The plaintiff is an association established in 1995. Of the approximately 900 members of the association, all of whom are professional photographers, the 70 photographers listed in Exhibits K 1 and K 2 have transferred to the plaintiff all claims "against the defendant for unapproved use of reproductions on the publisher's CD-ROMs for the years 1989 through 1993."

Paragraph 3

In addition to the normal print publication, the defendant has been offering S . . . on microfiche since the beginning of the '80s. Since April/May 1993, the defendant has also been offering the annual editions on CD-ROM. In addition to S . . . , the *Frankfurt Allgemeine Zeitung* [Frankfurt General News] has also been available on CD-ROM. Prior to that, only technical journals were available on the market as full-text CD-ROM editions. The CD-ROM version was announced to the public in the no. 17/1993 edition of S. . . . To do so, the editions of S . . . were digitized, though without advertizing. The photographers were neither informed of this nor was their permission sought.

Paragraph 4

It is technically impractical to subsequently remove individual photographs from the CD-ROMs. The only way to cease and desist from further distribution of the photographs in question is to stop distributing the CD-ROM versions in question. However, the photographs could be

removed if there is a new edition of the CD-ROM version for the years in question, although at the present time there are no plans for such a new edition.

Paragraph 5

The plaintiff has claimed that on the basis of telephone orders, a total of 70 assignors published a total of 7,685 photographs in S . . . in the years 1989 through 1993, and that these photographs subsequently also appeared in the annual CD-ROMs. As a secondary suit, the plaintiff is claiming compensation for 702 infringements and is also demanding a cease and desist order.

Paragraph 6

According to the plaintiff, there has not been any explicit or implicit agreement regarding the use of the photographs on CD-ROMs. The agreements were made by telephone. At the time the agreements were concluded between the individual photographers and the defendant, there was no mention of CD-ROM use (according to the plaintiff); according to the defendant's own statements, the defendant did not inform the public of the existence of the CD-ROM version of S . . . until the second quarter of 1993. Some photographers were the first to become aware of this in December 1993, but most did not learn of the five CD-ROMs of S . . . until 1995. Since 1994, the defendant has been paying a 10% surcharge for the use of the CD-ROM, which is also paid by the magazine S . . . A supplementary royalty is conventional in this branch of the industry. The Small Business Association of Photomarketing also considers this surcharge to be appropriate.

Paragraph 7

The plaintiff is of the opinion that it is not necessary to specify in detail on which specific infringement cases the injunction claim is based, because the only way to no longer violate these rights would be to cease and desist from distributing the finished CD-ROMs. The plaintiff also believes that this is a new type of use, so that the consent of the photographers would be needed for use in the CD-ROMs. With regard to the claim for damage compensation, a 10% surcharge on the minimum royalty of DM 200 per photograph may be assumed. In addition, a 50% infringement surcharge is justified. The latter should compensate for the infringement upon the moral rights of the photographer due to the unapproved use.

Paragraph 8

After conclusion of the oral hearing before the district court, the plaintiff presented in briefs of July 31, 1997 the concrete publication of 702 + 19 photographs on five CD-ROMs (Exhibit K 3), where the claim for payment is to be based on the 702 infringement cases cited.

Paragraph 9

The plaintiff has petitioned the court to

1. order the defendant to pay the plaintiff DM 21,060 plus 4% interest as of the filing of the lawsuit;

2. order the defendant to cease and desist from distributing or causing to be distributed the five CD-ROMs "S . . . " for the years 1989 through 1993 using the 7,685 photographs by the photographers listed in Exhibit K 1, said photographs

> having been published in the original print medium,

as an expedient

> to order the defendant to cease and desist from distributing or causing to be distributed photographs by the photographers listed by name in Exhibit K 2 on CD-ROM (S . . . , years 1989 through 1993).

Paragraph 10

The defendant has petitioned the court

> to reject the lawsuit.

Paragraph 11

The defendant has claimed that the plaintiff lacks the necessary active legitimation. Exhibits K 1 and K 2, which have been presented for this purpose, are contradictory (according to the defendant).

The defendant has disputed the fact that the photographs of the photographers cited were printed in the S . . . volumes 1989 through 1993 (see Exhibit B 12 in this regard), such as photographer D. B. or J. G. Furthermore, fewer photographs than claimed by the plaintiff were printed in some cases, such as S. D. Furthermore, a definitive attribution of photographs to photographers is impossible for the defendant because its photographic archives are organized according to topics rather than the names of the photographs and agencies. Inasmuch as the agencies have settled with the defendant, the defendant has disputed with ignorance the ownership of the rights of the photographers according to Exhibit K 2 (see Exhibit B 12).

The defendant has claimed that by 1989 at the latest, more and more publishing companies had begun to publish magazines and journals in full text on CD-ROMs, so this was customary throughout the branch.

The defendant has claimed that during the period of time in question, the royalty per photograph was usually only DM 150 to DM 180. The defendant disputes the claim that a 10% surcharge is customary for CD-ROM use and states instead that the 10% increase in 1994 was just a general increase. The CD-ROM version of S . . . and the corresponding remuneration cannot be used for comparison because that case involved only individual articles that were included in an expanded form created specifically for the medium and thus had been altered as to content.

Paragraph 12

The defendant has raised the objection that the right has expired. Individual photographers, who were not specified by name, already knew of the announcement of the CD-ROM version in May 1993, in journal no. 17/1993 of S . . . and were subsequently in contact with the defendant.

Paragraph 13

The defendant is of the opinion that the plaintiff must show concrete infringement actions (sic)[1] for the cease and desist order as well as the damage compensation claim. The defendant claims to rely on the [German]

---

[1] *Translator's note: The "sic" is in the original German text, because "Verletzungsverhandlungen" [infringement negotiations] is an apparent typographical error for "Verletzungshandlungen" [infringement actions, as translated here]; see also para. 27.*

Publishing Act (VerlagsG). Furthermore, the CD-ROM is merely a modern form of the reprint and is not a new, autonomous form of use. Therefore, there is no need (according to the defendant) to concede additional rights. As an expedient, the defendant would rely on § 101 of the [German] Copyright Act (UrhG), because the defendant is not at fault. Likewise as an expedient, the defendant has claimed that the photographers are obligated to grant the use right in good faith. There is no legal basis for an infringement surcharge of 50% in damage compensation. No cease and desist order can be issued in addition to the license fee, which is already being claimed as part of the damages.

Paragraph 14

The district court rejected the lawsuit with the ruling of August 19, 1997 with the argument that the use was known in 1989 so that it is irrelevant whether this is an independent type of use in the sense of § 31 of the [German] Copyright Act (UrhG), because an interpretation of the agreements concluded orally or implicitly yields the conclusion that the use was also permitted with respect to the CD-ROM version; the CD-ROM version is only a substitute for the previous types of use, such as microfiche and annual editions. There remains no room for application of the doctrine of the transfer of purpose according to § 31, paragraph 5 of the [German] Copyright Act (UrhG).

Paragraph 15

The plaintiff has appealed this ruling, issued on September 10, 1997, with an appeal that was filed within the proper period of time and supported with grounds.

Paragraph 16

The plaintiff now also claims, in repeating and supplementing its arguments in the first instance, that the defendant was not technically capable of producing the CD-ROMs in 1988 or in the following years, until 1992/93. The plaintiff disputes the allegation that all editor's contributions were included in full.

Paragraph 17

The plaintiff alleges, repeating earlier arguments in part, adding new ones in part, that the CD-ROM differs from the annual edition and microfiche in that it hardly takes up any space at all in comparison with the print edition; that in comparison with microfiche, it does not require an expensive reader; and in comparison with both, it permits a rapid and simplified search and printout of photographs, it does not wear out, and its data can easily be sent out over data networks such as the Internet.

Paragraph 18

The plaintiff corrected its statements with regard to the infringement cases to the extent that of the 702 photographs cited, only 690 fell in the years 1989 through 1993. On the other hand, of the 19 photographs already cited in the briefs of July 31, 1997, an additional 17 photographs were used to support the petition for payment. In addition, a review of the infringement cases has shown that not all of the 70 assignors according to Exhibit K 2 published photographs in the years in question. The plaintiff is thus basing the petition for a cease and desist order on the transfer of rights of the 64 photographers listed in the operative provisions of the ruling, where these transfers

are also to be understood as authorization to pursue this matter through lawsuit.

Paragraph 19

The plaintiff does not believe its claims have expired because the CD-ROM is still being distributed. Furthermore, the burden of proof falls on the defendant with regard to the knowledge of the assignors of the copyright infringement.

Paragraph 20

The plaintiff has petitioned the court

> to revise the ruling of the Hamburg District Court and
>
> 1. to order the defendant to pay the plaintiff DM 21,210 plus 4% interest on DM 21,060 as of November 29, 1996 and on DM 21,210 as of June 16, 1998;
>
> 2. to order the defendant to cease and desist from distributing or causing to be distributed the five CD-ROMs "S . . . " of the years 1989 through 1993 using the 7,685 photographs printed in the original print medium, said photographs having been made by the photographers listed in Exhibit K 1;
>
> as an expedient,
>
> to order the defendant to cease and desist from distributing or causing to be distributed the photographs by the photographers listed by name in Exhibit K 2 (except for D. A., T. B., S. C., K. H. U. R., K. S., G. S., M. S., M. S.) on CD-ROM (S . . . for the years 1989 through 1993).

Paragraph 21

The defendant has petitioned the court

to reject the appeal and the extension of the claim.

Paragraph 22

Repeating and expanding its arguments in the first instance, the defendant has reinforced its standpoint that the CD-ROM is only a substitution product for the microfiche edition or the annual editions; the microfiche could also be printed out and is also a space-saving version. Inclusion of the 707 photographs used by the plaintiff for the damage compensation claim in the disputed annual CD-ROMs is not disputed by the defendant. Inasmuch as the plaintiff has presented the publication of photographs by the photographers represented in Exhibit K 2, naming the appropriate volume, the defendant no longer disputes this.

Paragraph 23

To complete the facts of the case, reference is also made to the written arguments by the parties.

Grounds of the decision

Paragraph 24

The plaintiff's appeal is satisfactory from the standpoint of procedural law and has been largely successful in the case. The petition for a cease and desist order is founded in the version filed as an expedient, but the ruling has not yet made a decision with regard to the amount of the

requested payment; to this extent, an interlocutory judgment has been issued regarding the grounds (§ 304, paragraph 1 of the Code of Civil Procedure (ZPO)).

Paragraph 25

I. The lawsuit was justifiably rejected with regard to the main petition for a cease and desist order. There is no cease and desist order with respect to distributing or causing to be distributed the five "S . . . " CD-ROMs for the years 1989 through 1993 using the 7,685 photographs printed in the original print medium, said photographs having been made by the photographers listed in Exhibit K 1. The plaintiff has not argued to satisfaction that there were in fact 7,685 photographs. In the course of this legal dispute, there have been numerous corrections in the information regarding the number of photographs published, so the number of 7,685 specified in the lawsuit may not be correct. If this number were used in the operative provisions of the ruling, it could lead to doubts regarding the scope of the cease and desist order.

Paragraph 26

II. On the other hand, the petition for a cease and desist order that has been requested as an expedient is admissible and well-founded.

Paragraph 27

1. The plaintiff's petition formulated in this way is admissible. It is sufficiently specific, although it requires some interpretation. In the case of an infringement action that has already occurred, the petition for a cease and desist order must be based essentially on the specific infringement action (Schricker, Wild, [German] Copyright

Act, § 97, marginal no. 98 ff.). However, the reference to the specific infringement action of distributing or causing to be distributed the CD-ROMs of "S . . . " for the years 1989 through 1993 with photographs made by the photographers listed in Exhibit K 2 is sufficiently specific. It is not always possible to prevent interpretations from being shifted to the enforcement level to a slight extent (see Teplitzky, Wettbewerbsrechtliche Ansprüche [Claims Based on the Rules of Competition], 7th edition, 1997, chapter 11, marginal no. 8). In its ruling of January 16, 1997 (GRUR [Protection of Industrial Property and Copyright Protection] 1997, 459, 460 – "CB Infobank I"), the Federal Court of Justice has made the following statement in a similar connection:

Paragraph 28

"The Court of Appeals has correctly assumed that the defendant's action to which objection has been raised is sufficiently specific. The defendant is to be prohibited from reproducing and distributing parts of the printed works or individual contributions from the plaintiff's publications as specified. These parts of the printed works and the individual contributions are defined in a sufficiently specific manner by their attribution as a component of the respective newspaper of the plaintiff. There is no need for any further designation of the individual articles according to date of appearance or according to title and author. . . .

"The fact that the question of copyright protection of a copied article is shifted into the enforcement proceedings in the individual case in the case of a violation of the

cease and desist order does not oppose sufficient specificity of the legal prohibition being sought, in view of the fact that the defendant is also claiming in general to be entitled to use even copyright protected contributions without any objection."

Paragraph 29

This is a similar situation, because the difference is only that there is no dispute regarding copyright capability, but instead regarding the question of whether photographs by the photographers listed in Exhibit K 2 appear on the CDs. In the parallel lawsuit, the Federal Court of Justice also found the petition for a cease and desist order based on "parts of the printed works or individual contributions published in publications of the plaintiff's publishing group" to be sufficiently specific (GRUR [Protection of Industrial Property and Copyright Protection] 1997, 464 f. – "CB Infobank II").

Paragraph 30

The plaintiff's petition to cease and desist from distributing or causing to be distributed the photographs by the photographers listed by name in Exhibit K 2 (not including those specifically excluded) on CD-ROM (S . . . for the years 1989 through 1993) is to be interpreted as meaning that the individual photographers are to be included in the operative provisions of the ruling. In addition, the operative provisions of the ruling can be based only on photographs by these photographers that were printed in S . . . for the years 1989 through 1993 and transferred to the corresponding CD-ROMs.

Paragraph 31

2. The plaintiff is entitled according to §§ 97, paragraph 1; 17, paragraph 1; 2, paragraph 1, no. 5, 72 of the [German] Copyright Act (UrhG) to demand that the defendant cease and desist. The defendant does not have any use right, nor can the defendant enforce the objection of inadmissible exercise of rights according to § 242 of the Federal Law Gazette (BGB).

Paragraph 32

a) The plaintiff's active legitimation cannot, however, be supported by the transfer of cease and desist claims by the remaining 64 photographers. This is opposed by the fact that according to the uniform consensus, an isolated transfer of a statutory cease and desist claim is not admissible on the basis of § 399 of the Federal Law Gazette (BGB) (see Teplitzky, loc. cit., chapter 15, marginal no. 3; Roth in the Munich Commentary on the Federal Law Gazette (BGB), 3rd edition, 1994, marginal no. 20 to § 399).

Paragraph 33

b) As already explained in the oral hearing before the Senate, however, there is nothing to stand in the way of reinterpreting the transfer of those declarations which are ineffective with respect to the cease and desist claim to the extent that the plaintiff should be authorized to enforce these claims on the plaintiff's own behalf. The counsel for the plaintiff has also relied on this explicitly. In the present case, there are no legal objections to the admissibility of the capacity to sue or be sued, because the plaintiff, as an association representing the interests

of professional photographers, also has its own viable interest in pursuing these rights which are worthy of protection (cf. Schack, Urheber- und Urhebervertragsrecht [Copyright Law and Copyright Contract Law] 1997, marginal nos. 725 f.; D. Reuter, Die unfassbare "Neue Beweglichkeit" [The Inconceivable "New Mobility"] – BAG NJW 1985, 85; JuS 1986, 19, 21).

Paragraph 34

It has been shown to an adequate extent that there are publications of photographs in the journals of S . . . for the years 1989 through 1993, not only with regard to the 26 photographers listed by name by the plaintiff in Exhibit K 3 and in the publication of February 18, 1998, page 4 f., but also for the additional photographers listed by name in the briefs of September 4 and 30, 1998. With regard to the additional photographers mentioned in the operative provisions of the ruling, this had been conceded by the defendant in Exhibit B 12.

Paragraph 35

The plaintiff has been effectively authorized by the total of 64 photographers to legally enforce their cease and desist claims because of the unauthorized use by the defendant. The defendant has disputed the legitimacy of the "assignors" with a claim of ignorance and pointed out that the names of the agencies were included in Exhibit K 1 instead of the photographers in some cases, but the plaintiff has explained in detail that the association of its members into agencies does not change anything about the ownership of the rights to the photographs in question here. The fact pointed out by the defendant that some photographers have already established contact

directly with the defendant does not refute the plaintiff's claim.

Paragraph 36

c) No use rights have been transferred or conceded either explicitly or implicitly to the defendant for digitization of the photographs or their transmission and distribution on CD-ROM, nor was the defendant otherwise entitled to these use rights.

Paragraph 37

The defendant did have the right to publish the photographs in its magazine, and probably also on microfiche, although that may remain open here. However, the defendant did not have the right to transfer the photographs to CD-ROMs, even according to § 37, paragraph 2 of the [German] Copyright Act (UrhG) or § 43 of the [German] Publishing Act (VerlagsG), because for the CD-ROM version of the magazine, it would have been necessary to grant use rights for this use, which is to be evaluated as an independent type of use.

Paragraph 38

The district court was not correct in its conclusion that the question of whether this is an independent type of use can be left unanswered. Ultimately, the district court contradicted this interpretation itself later by declaring that CD-ROMs use does not constitute a new possibility for use in comparison with reprints and microfiche and therefore is subject to agreement in accordance with the will of the parties, but is not subject to the doctrine of the transfer of purpose. Therefore, the district court ultimately did not apply § 31, paragraph 5 of the [German]

Copyright Act (UrhG) because it did not consider CD-ROM use to be an independent type of use.

Paragraph 39

This interpretation did not withstand legal review. It is in contradiction with the overwhelming legal consensus that the CD-ROM is a new, independent type of use in comparison with the magazine, the annual volume and even microfiche in the sense of § 31, paragraphs 4 and 5 of the [German] Copyright Act (UrhG) (see Schack, loc. cit., marginal no. 551; Fromm, Nordemann, Hertin, Urheberrecht [Copyright Law], 9th edition 1998, §§ 31, 32, marginal no. 18, Reber, Digital techniques of utilization – new types of use, GRUR [Protection of Industrial Property and Copyright Protection] 1998, 792, 796; probably also Superior District Court Celle, ruling of May 14, 1997, K & R 1998, 79 f.; likewise for the Dutch law of the District Court of Amsterdam, MMR 1998, p. 34 f.). The primary deciding factor here is that a much more intense use is made possible (Schack, loc. cit.).

Paragraph 40

Contrary to the opinion of the defendant, this evaluation also corresponds in legal principle to the legal opinion of the Federal Court of Justice. According to this, the deciding factor is that this is an economic-technical form of utilization that can be differentiated clearly enough as such according to the accepted standard (Federal Court of Justice, ruling of December 12, 1991, GRUR [Protection of Industrial Property and Copyright Protection] 1992, 310, 311 – "Pocketbook license"; Federal Court of Justice, ruling of November 8, 1989, GRUR 1990, 669, 671 – "Bible reproduction"; Federal Court of Justice, ruling of June 5,

1985, Federal Court of Justice Gazette 95, 274, 283 – GEMA [Society for Musical Presentation and Mechanical Reproduction Rights] – Presumption I; Fromm, Nordemann, Hertin, loc. cit., §§ 31, 32, marginal no. 6). Thus, on the basis of technical innovations, legal consensus has recognized that secondary video utilization of movie films (Federal Court of Justice, ruling of October 11, 1990, GRUR 1991, 133, "Secondary video utilization I") and even the music CD in comparison with the LP or music cassette (Superior District Court of Düsseldorf, NJW-RR 1996, 420; Fromm, Nordemann, Hertin, loc. cit. §§ 31, 32, marginal no. 18; see also Schack, loc. cit. marginal no. 551, Reber, loc. cit. p. 796) is an independent type of use.

Paragraph 41

On the other hand, cable television is not an independent type of use because cable television only involves a new technical means of offering television programs, merely yielding an improvement in quality with the same reception apparatus, but not involving any different possibilities of use (Senate, ruling of May 11, 1989 – 3 U 250/88, GRUR 1989, 590 "Cable television"). Similarly, in the ruling of July 4, 1996, the Federal Court of Justice ruled that a direct satellite transmission was not a new type of use (GRUR 1997, 215, 217 "Klimbim") because "a previously existing possibility of use that was already customary is merely expanded and reinforced by the technical progress without its nature being altered significantly [. . .] from the standpoint of the final consumer, whose use of the work is ultimately covered by the system of use rights" and the "process of imparting the work [. . .] remains essentially unchanged."

Paragraph 42

However, that is not the case with the CD-ROM. CD-ROM use permits a more extensive use of a work. This is not merely a new form of communication or transmission. The perception for the end user is also different than that in the case of a print medium or microfiche. The product differs externally greatly from a magazine, its annual edition or microfiche (see Katzenberger, AfP 1997, 434, 440). In particular, however, the plaintiff has correctly pointed out that due to its search option, the CD-ROM permits faster searching, is easier to handle, takes up hardly any space in comparison with the annual volume, is hardly subject to any wear and is easy to reproduce; furthermore, digital data can be processed directly over international data networks such as the Internet. The search option in particular opens up new sales markets and thus increases the sales chances (see Katzenberger, AfP 1997, 434, 440). In addition, the economic interests of the author/photographer are especially endangered in the case of transmission of his photographs on CD-ROM, because once an image has been digitized, it can be processed without any loss of quality, even worldwide over data networks. Parallel use on multiple computers is even possible in server operation, unlike the annual volume of a magazine or microfiche.

Paragraph 43

No doubt is cast on this evaluation by the fact that the five CD-ROM editions in question were not yet technically at the current status, and in particular the reproduction of the photographs had not yet achieved the quality of the photographs printed in the magazines. With

respect to the question of whether transmission on CD-ROM should be regarded as a new type of use, the foreseeable development possibilities should also be taken into account, regardless of the specific quality of the first copies.

Paragraph 44

Furthermore, the ruling by the Anti-trust Senate of the Federal Court of Justice of March 11, 1997 (NJW 1997, 1911 – "NJW on CD-ROM") regarding § 16 of the Law Against Restraints on Competition (GWB) is not in conflict with classification of this medium as an independent type of use, as maintained by the defendant. In this ruling, the Federal Court of Justice has found that the CD-ROM may be a substitution product for the print medium. For the question of the price fixing permission from the standpoint of anti-trust law, the Federal Court of Justice must only determine whether there was a publication product and, in this context, whether the products were comparable in their cultural significance. To this extent, the Federal Court of Justice (NJW 1997, 1911, 1913) has correctly found with regard to comparability with respect to price fixing that both media serve the purpose of communication of information through reading stored information, and therefore that the CD-ROM is a publication product, despite the need for technical reading devices such as microfilm or microfiche. However, these aspects as well as those discussed below concern the question of whether this is a publication product. In the present case, the question is not whether it is a cultural substitute but instead whether it is an economic substitute. As explained above, this is not the case. Moreover, the Federal Court of Justice (NJW 1997, 1911, 1914)

has acknowledged that there is a clear technical difference in the search options and that the CD-ROM version is characterized "by a search option that is superior to that of traditional newspaper registers."

Paragraph 45

In addition, the ruling of the Federal Court of Justice of November 21, 1958 regarding book clubs (Federal Court of Justice, GRUR [Protection of Industrial Property and Copyright Protection] 1959, 200, 202 f. "Courtyard of saints") has shown that the question of similarity in price fixing involves different aspects from the same question in the context of evaluating the type of use. Of course § 16 of the Law Against Restraints on Competition (GWB) is applicable to a normal book store as well as to book clubs, because both distribute publication products (culturally comparable). The same is derived from the ruling by the Federal Court of Justice of December 12, 1991 (GRUR 1992, 310, 311 "Pocketbook license").

Paragraph 46

d) No corresponding use right has been granted to the defendant. Granting this right fails due to the interpretation of the agreement according to § 31, paragraph 5 of the [German] Copyright Act (UrhG) according to the so-called doctrine of transfer of purpose. The district court did not adequately take into account the relevance of § 31, paragraph 5 of the [German] Copyright Act (UrhG).

Paragraph 47

No explicit agreements have been made between the defendant and the photographers regarding the CD-ROM

as an independent type of use. Moreover, the agreements that were made were only verbal, namely by telephone.

Paragraph 48

Contrary to the opinion of the defendant, there was no implicit or implied transfer of CD-ROM use rights. At least the defendant has not demonstrated this, let alone proven it (with regard to the burden of proof pursuant to § 31, paragraph 5 of the [German] Copyright Act (UrhG), see the ruling of the Senate of March 1, 1990 – 3 U 210/89, GRUR 1991, 599, 600 "Radio advertising"; Schack, loc. cit., marginal no. 548).

Paragraph 49

As observed correctly by Katzenberger, AfP 1997, 434, 439, there is a definite result with regard to granting rights to electronic use only when these have been "referred to individually" as such or listed by name. Otherwise, however, the doctrine of the transfer of purpose (§ 31, paragraph 5 of the [German] Copyright Act (UrhG)) is applicable. According to this doctrine, it can be assumed only in the case of recent contracts that the right to CD-ROM use has also been granted implicitly (Katzenberger, loc. cit.), in which case it can definitely be assumed that this was a known type of use in the sense of § 31, paragraph 4 of the [German] Copyright Act (UrhG), because the deciding factor in what can be considered as conceded according to § 31, paragraph 5 of the [German] Copyright Act (UrhG) is what was necessary for the purpose of the agreement. According to § 133, § 157 of the [German] Civil Code, a determination of the purpose of a contract depends on what is or has been conventionally the purpose of a contract in good faith and in

accordance with commercial ethics, i.e., what has been customary in that branch of the industry (Federal Court of Justice, ruling of March 20, 1986; GRUR, 1986, 885, 886 – "METAXA"; Federal Court of Justice, ruling of April 26, 1974; GRUR 1974, 786, 787 – "Cassette film"; Schricker, Schricker, Copyright Law, 1987, § 31, § 32, marginal no. 40; Maassen, ZUM 1992, 338, 349). However, it is not sufficient that the possibility of use was already known at the time the agreement was concluded (Federal Court of Justice, GRUR 1974, 786, 787 – "Cassette film").

Even according to statements by the defendant, weekly magazines and daily newspapers appeared on CD-ROM for the first time in 1993 (see Katzenberger, AfP 1997, 434). This is not altered by the fact that professional journals such as "NJW" have been appearing as a CD-ROM version since 1988 (see Katzenberger, loc. cit.), because these CD-ROM versions are full text versions without digitized images, as the Senate is already aware. According to Maassen, digitization of images was not a general phenomenon at the beginning of 1992 because of the expensive technology required to accomplish it (Maassen ZUM 1992, 338, 349). For CD-ROM versions of magazines such as "S . . . " which contain many photographs, however, this was essential. For example, Schulze found in 1996 that the CD-ROM does "not yet conform to current standards" for magazines (G. Schulze, FS Beier, p. 404 f.).

Paragraph 50

The specific interpretation rules of § 38, paragraph 1, § 34, paragraph 2 and § 9 of the [German] Copyright Act

(UrhG) also do not conflict with this conclusion (see in this regard G. Schulze, FS Beier, p. 406 ff.).

Paragraph 51

e) Thus, it may remain moot whether granting rights for the (first) of the "S . . . " annual volumes 1989 through 1993 must fail due to § 31, paragraph 4 of the [German] Copyright Act (UrhG). According to this, the CD-ROM use would have been unknown and therefore could not have been transferred to protect the author/photographer, although its technical significance and usability but not its economic significance and usability were not known at the time the respective agreements were concluded (Federal Court of Justice, ruling of October 11, 1990; GRUR 1991, 133, 135 "Secondary video utilization I"; Federal Court of Justice, ruling of June 5, 1985, Federal Court of Justice Gazette 95, 274, 284 – "GEMA [Society for Musical Presentation and Mechanical Reproduction Rights] Presumption I"; Federal Court of Justice, ruling of October 15, 1987, GRUR 1988, 296, 298 – "GEMA Presumption IV"; Federal Court of Justice, ruling of January 26, 1995, Federal Court of Justice Gazette 128, 336, 341 – "Secondary video utilization III"). Opinions in the literature are not uniform regarding this question of when the CD-ROM type of use became a known type of use. Some have assumed that this use has been known since 1988 (Maassen ZUM 1992, 338, 349; Katzenberger, AfP 1997, 434, 441; questioning this position, however: Fromm, Nordemann, Hertin, loc. cit. § 31, § 32, marginal no. 18). Dreier (in: Lehmann, Internet- und Multimediarecht (Cyberlaw) [Internet and Multimedia Law (Cyber Law)], 1997, p. 134) believes that approximately the beginning of the '90s should be assumed as the relevant point in time.

In 1996, Schulze, however, assumed that this use had "only recently" become known (G. Schulze, FS Beier, p. 405; likewise, Nordemann, AfP 1993, 365, 367).

Paragraph 52

From the standpoint of the Senate, however, it necessarily follows from the preceding that for the purpose pursued by the granting of rights in the respective oral agreements, it would have been necessary to already provide at that time the use right for the CD-ROM edition as a new type of use that was not yet conventional. An implied transfer of this use right cannot be assumed.

Paragraph 53

f) § 101 of the [German] Copyright Act (UrhG) does not intervene in this matter. The defendant has at least been negligent. In view of the scope of its business activities as a publishing company, the defendant should have known that it was acting in violation of the law. To this extent, the defendant is subject to strict diligence requirements (see Federal Court of Justice, ruling of July 3, 1981, GRUR 1982, 102, 104 "Master tapes"; Federal Court of Justice, ruling of October 10, 1991, GRUR 1993, 34, 36 "Operating instructions").

g) Despite a fundamental obligation on the part of the photographers to grant the use rights, the plaintiff can invoke the cease and desist claims, because contrary to the opinion of the defendant, these claims are not prevented by the objection of inadmissible exercise of rights.

Paragraph 55

Although it is stated with good grounds that the photographers have an obligation to consent to the CD-ROM use

of their photographs and to grant the defendant the corresponding use rights (e.g., for text contributions, see also Katzenberger, AfP 1997, 434, 441; see also G. Schulze, FS Beier, p. 410 f., who believes that to prevent countless additional agreements, a solution to the problem must be achieved with the help of the performing rights companies *de lege ferenda*).

Paragraph 56

However, an objection according to § 242 of the [German] Civil Code would not usually arise from this, because otherwise the monistic nature of German copyright law would not be taken into account, at least for copyrighted works, and the author/photographer would be excessively weakened in his negotiation position. Therefore, it would not be justified in the case of individual works to invoke the objection from § 242 of the [German] Civil Code (see Superior District Court of Düsseldorf, NJW-RR 1996, 420). And in the case of collective works which are to be sent for a new use subsequently, it is possible to deviate from this principle only in a few exceptional cases. This may be the case, for example, if it were impossible for the publisher to locate the individual authors/photographers. In no case, however, can the defendant invoke this objection overall.

Paragraph 57

On the other hand, to the benefit of the defendant, one cannot object that locating the numerous holders of the rights is associated with excessive effort. There are also similar problems for the individual photographer if he must subsequently contact the numerous parties using his rights. Moreover, in the present case, the plaintiff has

correctly objected that the defendant itself acted in violation of good faith when it failed to notify the photographers of the planned use of their photographs in the CD-ROMs even at the time when the CD-ROMs were being planned. This is true at least for the year 1993, when the defendant has itself stated that the CD-ROM was already being planned. At least at this time, the defendant also had a reason to take note of the names and addresses of the photographers.

Paragraph 58

The only remaining problem is that individual holders of the rights do not concur with the majority and might refuse to grant the required rights, so that a "pressure means for inappropriate compensation claims" would fall to them (see Federal Court of Justice, ruling of May 31, 1960, GRUR 1960, 614, 617 "The Wedding of Figaro"). Only in this case would it be justified to deny the individual the cease and desist claim (see Federal Court of Justice, loc. cit., 617 f. and § 80 of the [German] Copyright Act (UrhG); § 9 of the Copyright Act could also help to achieve a solution, although its applicability to collective works has been disputed.)

Paragraph 59

In case of doubt, copyright law will protect the author/photographer. However, the provision of § 31, paragraph 5 of the [German] Copyright Act (UrhG) must not be overridden by § 242 of the [German] Civil Code. The purpose of § 31, paragraph 5 of the [German] Copyright Act (UrhG) is to ensure appropriate compensation. To ensure this, the author/photographer must be equipped with the required negotiating power with respect to the

publisher. In general, the author/photographer is the weaker party in the agreement in comparison with the party making use of his rights. Moreover, it should be recalled that there is a special threat to the works of photographers once they have been digitized and thus can be duplicated easily and sent over data networks.

Paragraph 60

It has also been pointed out correctly in the literature that the publishers might otherwise be able to speculate on the possibility "that no author/photographer would announce himself and then one need not pay out the amounts set in reserve" (G. Schulze, FS Beier, p. 410).

Paragraph 61

h) The barrier of § 53, paragraph 2, no. 2 of the [German] Copyright Act (UrhG) does not come into play. This situations lacks the factor of production or having something produced for one's own use. The defendant has produced the CD-ROMs for sale to a third party.

Paragraph 62

i) The claim also has not expired. According to § 102 of the [German] Copyright Act (UrhG), the deciding factor in expiration of a claim is the last infringement (Fromm, Nordemann, loc. cit., § 102, marginal no. 1). With the cease and desist claim, the plaintiff has also enforced the rights of the "assignors" from § 97, § 17 of the [German] Copyright Act (UrhG) in the plaintiff's own name. These already exist if the work is offered to the public. S . . . on CD-ROM still has not been offered to the public.

Paragraph 63

III. The petition for payment is admissible and is also fundamentally justified. The plaintiff has a damage compensation claim pursuant to § 97, paragraph 1, § 17, paragraph 1, § 2, paragraph 1, no. 5, § 72 of the [German] Copyright Act (UrhG). No ruling can yet be issued with regard to the amount of damages. This will require evidence of the amount of the usual compensation, optionally by expert opinions.

Paragraph 64

1.) In at least 707 cases, the defendant has violated the copyrights and ancillary copyrights due to the assignors. The resulting damage compensation claims have been effectively transferred to the plaintiff.

Paragraph 65

2.) The defendant has at least acted negligently. As a publisher, the defendant must have been aware that the rights would have to be granted for this independent type of use. In this regard, the statements made regarding § 101 of the [German] Copyright Act (UrhG) are also applicable here.

Paragraph 66

3.) Contrary to the opinion of the defendant, the damage compensation claim is not precluded by the cease and desist claim. Although the former concerns the past, the latter is also effective into the future and should fundamentally prevent other damages than those covered by the damage compensation claim. However, if it could be assumed that with payment of the damage compensation

by the defendant, the defendant was granted an imaginary license, then the cease and desist claim would not be further applicable. Since the plaintiff has selected the license analogy as a form of damage compensation, the defendant would in fact be regarded as entitled to use the copyrighted items after payment of the license fee. However, no consequences can be drawn from this at present because this payment has been refused. The defendant would then have to oppose subsequent enforcement of the cease and desist claim with an action raising an objection to the judgment claim.

Paragraph 67

4.) With regard to the damage compensation claim, the defendant cannot invoke the objection of inadmissible exercise of rights according to § 242 of the [German] Civil Code.

Paragraph 68

The damage compensation claim is not counteracted by the obligation of the photographer to contractually grant use rights. Even if these use rights have been pledged, it need not necessarily result in an agreement being concluded. If no agreement is reached because the publisher does not offer adequate compensation or is not willing to conclude an agreement, the authors/photographers would lose despite the infringement of their rights. However, the damage compensation liability can also be taken into account in contractual negotiations.

Paragraph 69

5.) The claim has not expired either. The defendant has not substantiated its allegation that some photographers

had already gained knowledge of the infringement of rights prior to the time of November 29, 1993, which is the crucial time according to § 102 of the [German] Copyright Act (UrhG), § 209 of the [German] Civil Code, on the basis of the notice in issue no. 17/93 of S . . . or in some other manner, and if so, which photographers did so.

Paragraph 70

6.) The decision regarding the amount of damages and thus regarding the question of an infringing party's surcharge shall remain reserved for the final ruling.

JurPC Web-doc. 193/1998, Paragraph 71

The secondary rulings follow from § 708, no. 10, § 711, and § 546, paragraph 2 of the Code of Civil Procedure (ZPO). The lower claim is based on the fact that cease and desist claims of only 64 photojournalists are now in dispute in comparison with the original 70.

[online since 12/17/98]

Proposed citations: court, date, file, JurPC Web-doc., paragraph